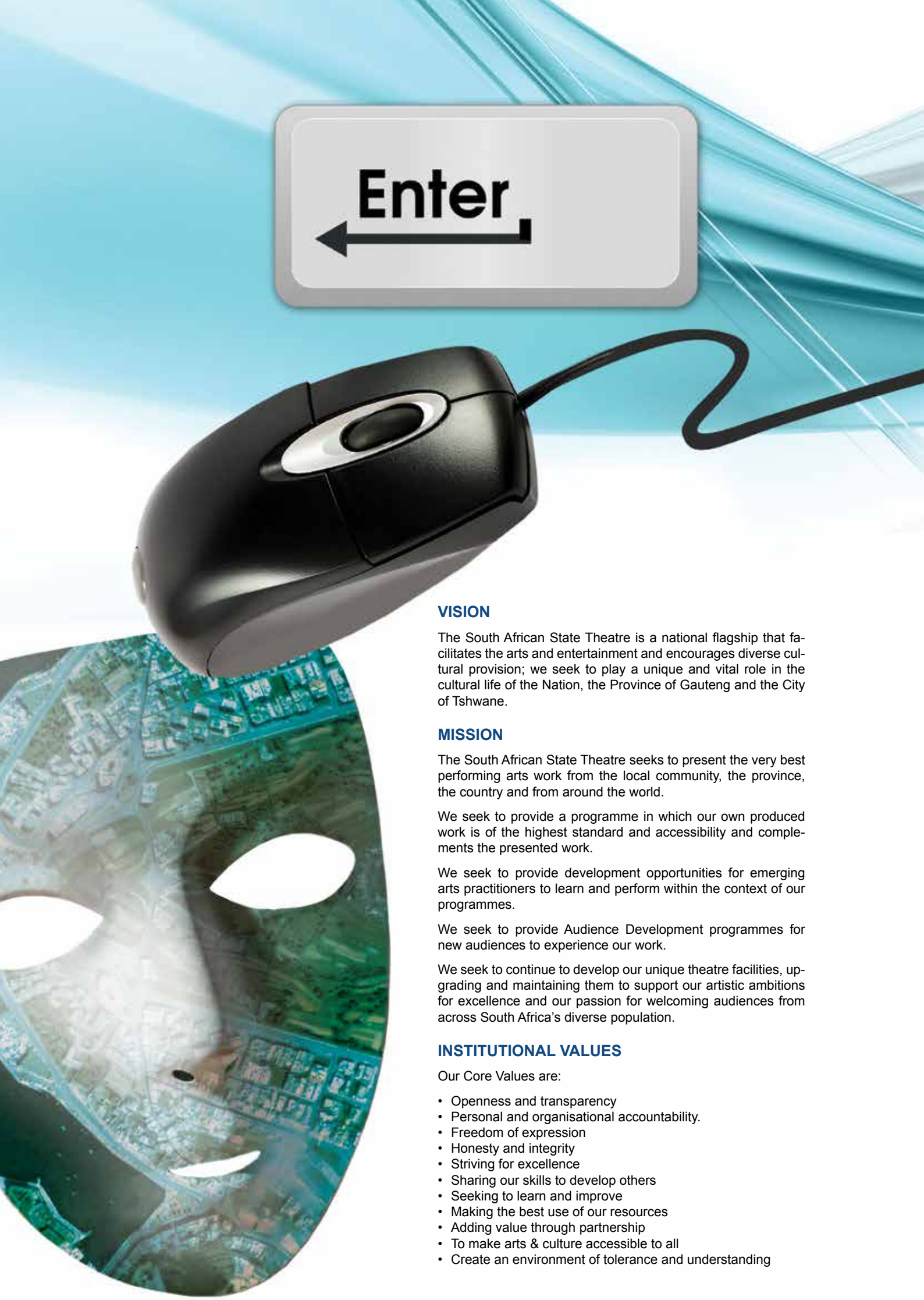
ANNUAL REPORT TWOTHOUSANDANDELEVEN/TWELVE

THE SOUTH AFRICAN
STATE THEATRE



VISION

The South African State Theatre is a national flagship that facilitates the arts and entertainment and encourages diverse cultural provision; we seek to play a unique and vital role in the cultural life of the Nation, the Province of Gauteng and the City of Tshwane.

MISSION

The South African State Theatre seeks to present the very best performing arts work from the local community, the province, the country and from around the world.

We seek to provide a programme in which our own produced work is of the highest standard and accessibility and complements the presented work.

We seek to provide development opportunities for emerging arts practitioners to learn and perform within the context of our programmes.

We seek to provide Audience Development programmes for new audiences to experience our work.

We seek to continue to develop our unique theatre facilities, upgrading and maintaining them to support our artistic ambitions for excellence and our passion for welcoming audiences from across South Africa's diverse population.

INSTITUTIONAL VALUES

Our Core Values are:

- Openness and transparency
- Personal and organisational accountability.
- Freedom of expression
- Honesty and integrity
- Striving for excellence
- Sharing our skills to develop others
- Seeking to learn and improve
- Making the best use of our resources
- Adding value through partnership
- To make arts & culture accessible to all
- Create an environment of tolerance and understanding

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arts and culture

Department:
Arts and Culture
REPUBLIC OF SOUTH AFRICA

REPORT OF THE CHAIRPERSON

> The South African State Theatre remains committed to the country's pursuit for artistic development as a tool for economic and cultural development.

I am pleased to submit my first report as the Chairperson of The South African State Theatre Council along with my fellow Council members and the Chief Executive Officer. The 2011/12 year has been both exciting and challenging as we continue with the implementation of strategic and financial objectives set in the prior fiscal year. The South African State Theatre remains committed to the country's pursuit for artistic development as a tool for economic and cultural development.

The South African State Theatre has partially achieved its strategic targets for the 2011/12 year and we look forward to achieving even more ambitious goals for the upcoming financial period. With the support of the Department of Arts and Culture, The South African State Theatre continues to improve its talent and production, increase income sources, inspire the next generation of artists and promote diversity.

FINANCIAL RESULTS

The South African State Theatre has managed to meet its financial objectives and increase its self-generated income with further increases projected through to 2015.

SYSTEMS AND CONTROLS

Systems upgrades are being made and controls put in place to monitor performance and make continuous improvements.

CORPORATE GOVERNANCE

Strengthening of corporate governance practices continues to be a key focus of the Council and Management; both are confident that progress is being made and risks are identified and mitigated in a timely and efficient manner.

REVISED STRATEGIC PLAN 2012 - 2015

We continue to periodically review the Strategic Plan and take actions consistent with meeting our core business objectives and responding to the changing business environment. Monitoring and measurement techniques are employed to ensure compliance with regulatory bodies and enable The State Theatre to achieve its financial and strategic objectives for the 2012/13 year.

Ms Naledi Gallant
Chairperson

REPORT OF THE CHIEF EXECUTIVE OFFICER

Let me start off by thanking all our staff members for their passionate contribution towards our 2011/12 business efforts. It is also pertinent that we wish my predecessor, Xoliswa Nduneni, a prosperous future, and thank her sincerely for her well acknowledged contribution to The South African State Theatre.

It is a great pleasure for me to acknowledge the astounding support we have received over the 2011/12 financial year from our principle, the Department of Arts and Culture. We are grateful and appreciative. We would like to acknowledge support received from the Department of Infrastructure Development.

The South African State Theatre remains an iconic institution in the national geography of like minded institutions and beyond. As an institution we remain steadfast in our resolve to deliver on our mandate and to offer our patrons a high quality entertainment solution. This we have pursued in all our endeavours during the past financial year.

OUR FACILITY

Our facility remains in the forefront of the theatre industry. It has been in high demand throughout the year. The State Theatre caters greatly for artistic diversity and industry requirements. We have done justice to our facility through splendid maintenance efforts. We are keen to improve our economical returns through the deliverance of a patron-needs-based artistic delivery programme and an increase in the diversity of use. Our facility remains our highest income generator. We are keen to mitigate this income risk we face, through improving income generation from our other income streams. This objective will be one of our key drivers in our efforts going forward.

> The South African State Theatre remains an iconic institution in the national geography of like minded institutions and beyond.

MANDATE OBLIGATIONS VERSUS ECONOMICAL IMPERATIVES

This is a phenomenon that challenges all state owned theatres. We have not quite balanced our act with regard to servicing our mandate and making economical sense of our internally produced developmental work and artistic endeavours. This can be seen in varying attendance numbers, which clearly plague our results and development efforts. We are working vigorously to remedy the situation.

THE INDUSTRY

The industry has expanded and is now clustered with increased competition from the private sector. Patron demands are more prominent. Pricing has become a sensitive issue due to the increase in competition as well as the current economical realities. Patrons are spoilt for choice. Paying audiences remain traditional with very little additions. As part of our strategic intent we remain ambitious in our focus to increase paying audiences, improve audience diversity, and to retain our traditional paying audiences. We remain comfortable that we can achieve significantly on this front during 2012/13.

FUNDING

We remain dependant on the Department of Art and Cultures' grant as our fundraising efforts have not been very successful over the past year. We are, however, gearing ourselves for change in our fund raising approach. We believe that we have created the right type of value propositions that will facilitate external funding going forward.

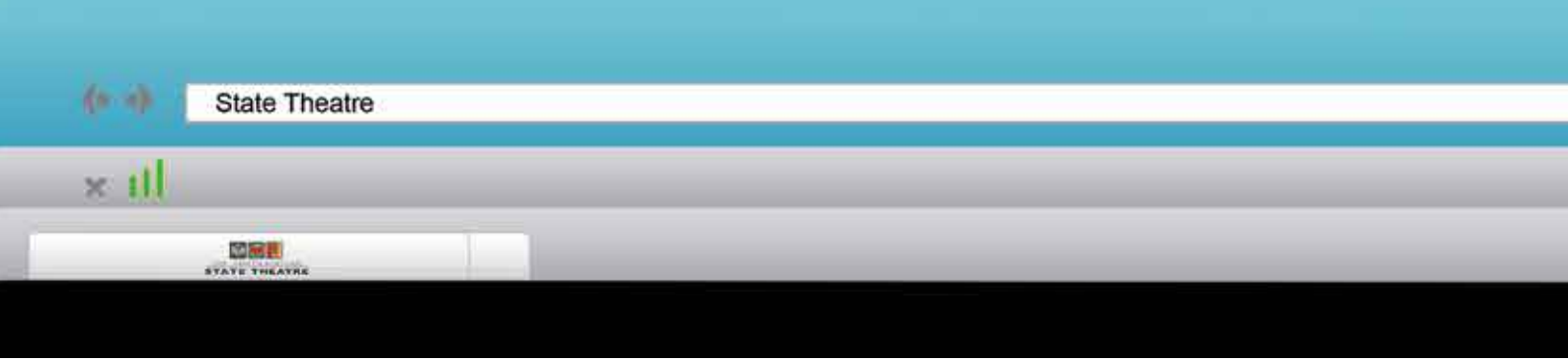
CLEAN ADMINISTRATION

Greater effort and focus will be invested in the coming financial year to secure a clean administration. Some of our operational processes, as well as our general approach to business, require re-direction.

THE IMMEDIATE FUTURE

We are keen to take our rightful position in the market place. We are, after all, Africa's greatest state funded theatre, and the pride of our nation. We look forward to the immediate future in which we believe we will be fit for purpose.

Dr Quinton Simpson
Chief Executive Officer



COUNCIL

Welcome to The State Theatre's Council

Naledi Gallant
Chairperson

John Watson
Council Member

Monde Ngonyama
Council Member

Ashton Bodrick
Council Member

Barbara Neuhoff
Council Member

Adv Kennedy Motsiri
Council Member

Harry Gouvelis
Council Member

Kenneth Netshiombo
Council Member

Dr Otsile Ntsoane
Council Member

Adv Josephine Ralefatane
Council Member

Log In

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DIRECTORS

Welcome to The State Theatre's Directors

Dr Quinton Simpson
Chief Executive Officer

Arthur Mokoena
Chief Financial Officer

Aubrey Sekhabi
Artistic Director

Gert Viljoen
Technical Director

Elsabe Booyens
Director Marketing, Fundraising and Customer Care

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State Theatre

MANAGEMENT

Welcome to *behind-the-curtain* at The State Theatre

HEADS OF DEPARTMENT

Lindelwa Mahlabe
Marketing Manager

Leon Barnard
Stage Services Manager

Bronwen Lovegrove
Wardrobe Décor Manager

Millicent Mopayi
HR Manager

Ellen Mashiane
Parking Manager

Rejoice Motswene
Facilities Manager

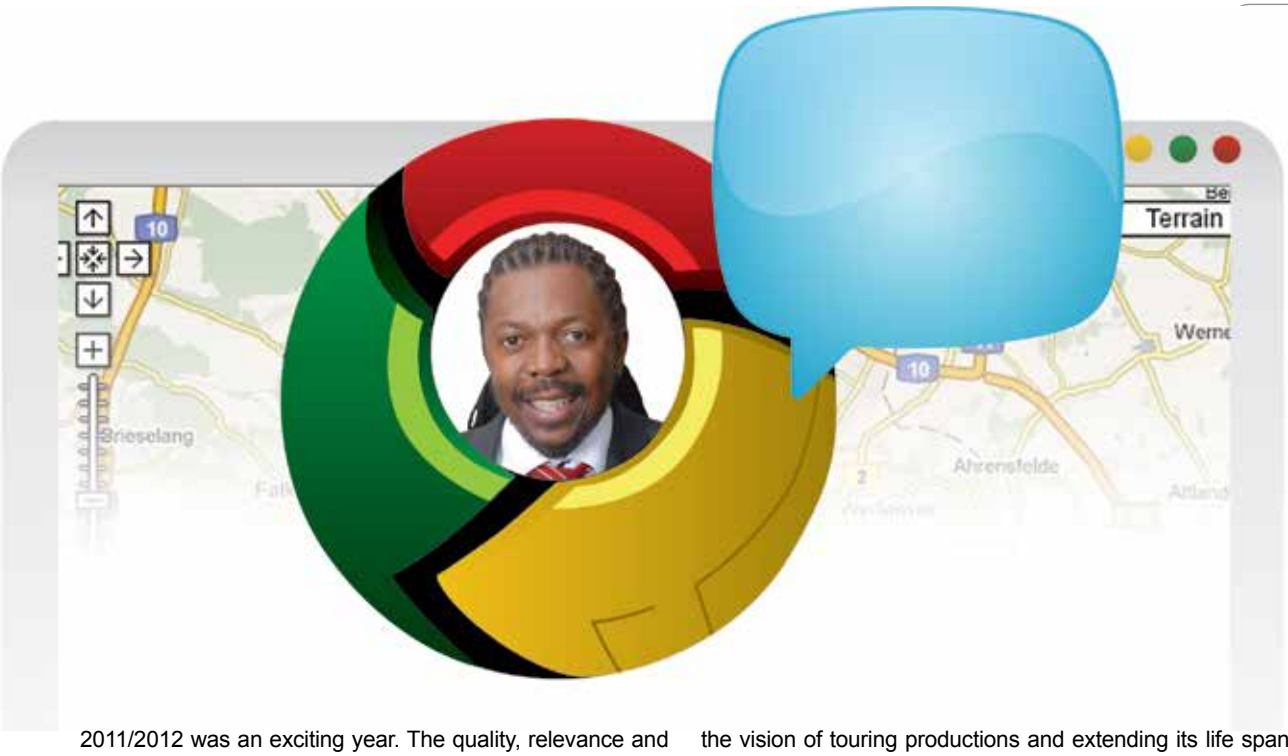
Ntshuxeko Manganye
Development Manager

Sylvia Lavenson
Finance Manager

Patrick Phala
Front of House Manager

Japie Maritz
Maintenance Manager

REPORT OF THE ARTISTIC DIRECTOR



2011/2012 was an exciting year. The quality, relevance and diverse nature of our programme were rewarded handsomely by the theatre community during the 2011 Naledi Awards ceremony. During this period we worked with at least five hundred and nine (509) actors, dancers, and technicians.

The South African State Theatre in Association with Sibikwa Arts Centre revived the highly energetic multi-award winning play "DET Boys High", written and Directed by Smal Ndaba and Phyllis Klotz. The production was first staged in 1991 but remains relevant to this day. "DET Boys High" raises pertinent educational issues. The 2011 revival, won the Naledi Award for Best Community Theatre – 2011.

We are also delighted to have partnered with Old Mutual Theatre on the Square to co-produce Gilbert and Sullivan's "The Pirates of Penzance". This light comic opera was overhauled by the dynamic Greg Homann who presented the production with five men and one pianist as opposed to the original production with a full orchestra and a cast of thirty plus. The artistic courage was rewarded with three Naledi Awards out of nine nominations. "The Pirates of Penzance" received three awards namely; Best ensemble/cutting edge, best comedy performance and best original choreography. The partnership ensured that the production transfers from one theatre to the other and as a result contribute towards the vision of touring productions and extending its life span and the employment term of artists.

"Rivonia Trial" made a comeback after a successful sold out season in 2010. It was a favourite with the critics and some have recommended it as a production that should be seen by all South Africans. This production written by Aubrey Sekhabi, Mpumelelo Paul Grootboom and Mandla Dube and Directed by Aubrey Sekhabi takes us to the back rooms of Lilies Leaf Farm in Rivonia, to the streets of Soweto and to the Palace of Justice in the heart of Pretoria where the trial took place. Nelson Mandela, Walter Sisulu, Dennis Goldberg, Govan Mbeki, Ahmed Kathrada, Raymond Mhlaba, Andrew Mlangeni and Elias Motsoaledi were sentenced to life in prison and sent to Robben Island where they have spend many years in incarceration. It is a trial that tested their conviction and commitment to the struggle of South Africa. The production boasted an all star cast supported by a live band of the Moss Mogale unit. This production, presented by the South African State Theatre was rewarded with three Naledi awards out of ten nominations. The production won Naledis for Best Director: Play or musical, Best Performance by an actor in a lead role and best new South African script.

On the receiving end, Pacts House production of "Tree Aan" won a Naledi for Best musical director/score and arrange-

ment. “Tree Aan” captures the border wars. The story of what was happening whilst the majority of the country was fighting for freedom is relived. You begin to understand what the white youth went through during the conscription days and with great music and powerful dramatic scenes you are emotionally drawn in regardless of who you are. You share human stories.

The Rendezvous Theatre took center stage with the Jazz and African Music Night, Tshwane Comedy Night, Rock Nights, Stage Nites and Night of the Poet series. The Jazz and African Music Night features the Jazz and African music greats who inspire and perform with up and coming artists or artists who have recorded one or two albums. Legends like Vusi Mahlasela, Tlokwe Sehume, Zama Jobe, Selaelo Selota, Judith Sephuma, Nothembi Mkhwebane and Dr Sello Galane, are some of the artists who have headlined the programme. This programme is presented on Fridays three times a month. The Tshwane Comedy Night keeps the audience laughing twice a month on Saturdays whilst Thursdays twice a night was a time of heavy metal and powerful lyrics with Rock Nights. The youth are also catered for through the Stage Nites programme which is a hip hop line-up that features some of the best hip hop artists in the country. Rhyme, rhythm and the word are let loose during the Night of the Poets where poets like Lififi Tladi, Kgafela oa Magogodi, Afurakan, Natalia Molebatsi and many other shared the word with our audiences. This programme profiles at least seven hundred and two (702) comedians, poets, musicians, singers and technicians with a platform to expose their talents to a greater audience. The Rendezvous programme provides high and diverse entertainment value and it is the kind of programme that will be retained for the next three years.

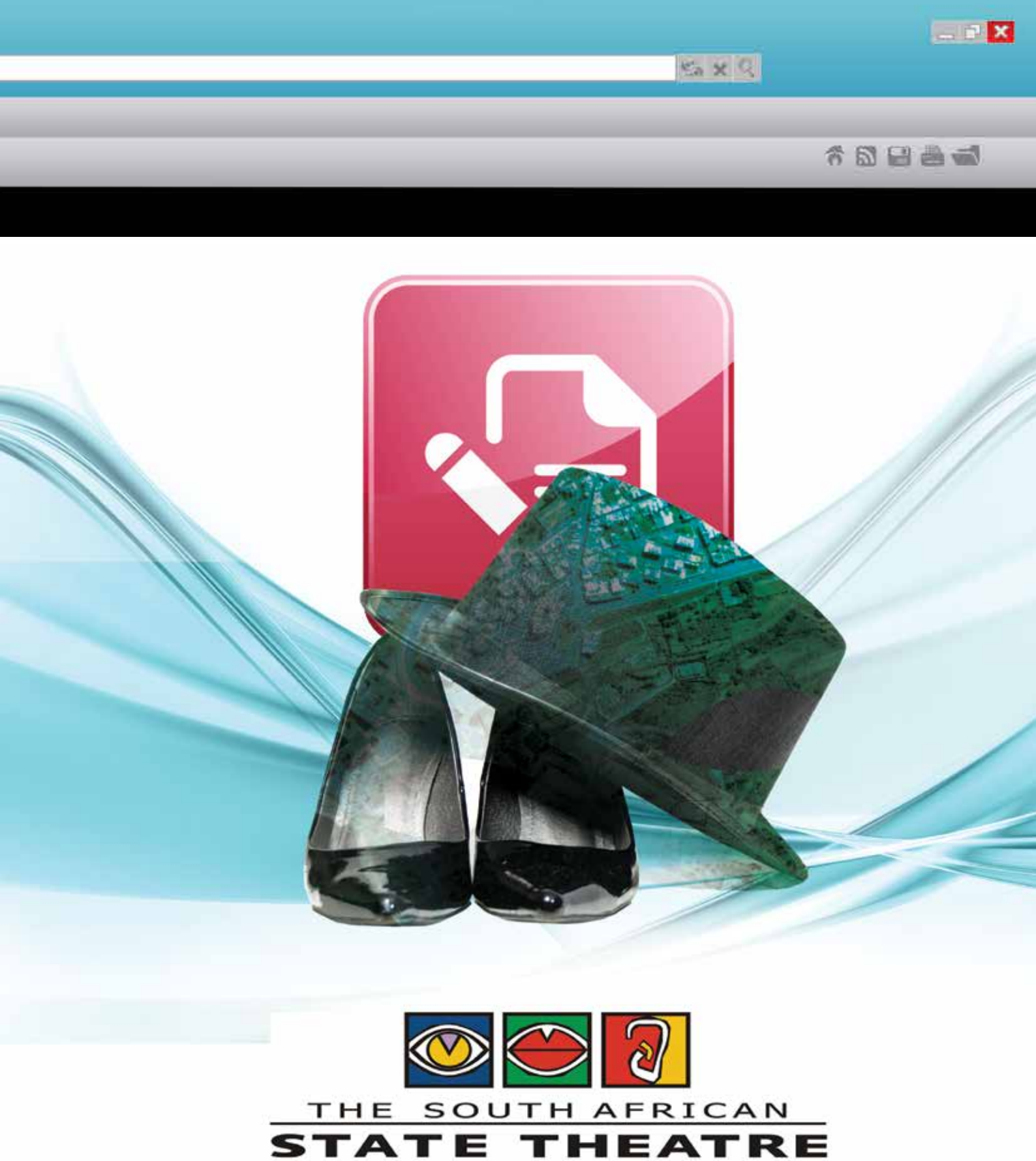
Mzansi Fela Festival! raised the bar and made the news on the 1st of December 2011 when artists, pensioners, people with disabilities, youth and children started the festival once again with a march from the Union Buildings to the State Theatre in commemoration of World AIDS day. The ten days arts and culture extravaganza made the news from 4pm right until 8pm that day. It was a beginning of a successful festival which was full of international standard performances of music with Lira, Thandiswa and the Parlotones performing to full houses. The festival has become more diverse in its programming and slowly occupying its space in the hearts and minds of festival lovers in Tshwane and South Africa. This programme will be retained for many years to come as it attempts to become the premium festival in Gauteng (Tshwane).

We also presented seven productions under the 52 Seasons banner. The Programme which was supported by the National Lotteries gives young directors an opportunity to present South African works in the Momentum Theatre. In 2011 we presented seven productions to admiring audiences, employing young artists from Tshwane and Gauteng. The programme presented productions like Have you seen Zandile, Corner Street, Ngwana Wa mobu, Kudela Owaziyo, This is for Keeps, Op Soek na Kid Khumalo and Township Fever.

Another notable contribution is our relationship with Tshwane University Of Technology for the fieldwork programme. In 2011 we worked with at least nineteen community groups on a regular basis. The groups were mentored by graduates and final year students from Tshwane University of Technology and presented South African Classics at the Mzansi Fela Festival. Two productions were chosen and given a lifeline by way of a production budget and a season at The State Theatre and National Arts Festival. Kea Moeketsane in collaboration with Ozone Felas will direct a production of “Sorry wrong number” and Miles Petzer in collaborations with Afri-Concept will direct and produce, “Horn of Sorrow”.

We look forward to an exciting 2012/2013 where we will further develop our Rendezvous programme and strengthen Mzansi fela Festival.

Aubrey Sekhabi
Artistic Director



THE SOUTH AFRICAN
STATE THEATRE

Performance Statistics

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PERFORMANCE STATISTICS

REPORT FOR YEAR BY GENRE/TYPE 2011/2012

Genre/Type	# Perf.	Tickets sold	Comps issued	Total sold & issued	Sold tickets used	Comps used	Total attendance
Awards	1	0	1,313	1,313	0	595	595
Childrens Theatre	21	5,438	926	6,364	4,322	624	4,946
Comedy	45	3,420	1,460	4,880	3,201	810	4,011
Concert	39	21,783	5,218	27,001	17,699	3,287	20,986
Dance	51	9,382	5,437	14,819	6,851	3,495	10,346
Drama	157	14,735	4,809	19,544	11,948	3,242	15,190
Festival - Feast of the Clowns	1	138	6	144	137	0	137
Festival - Mzansi	59	3,548	2,017	5,565	3,206	1,726	4,932
Festival - Tshwane Youth Arts	1	791	141	932	591	120	711
Music	20	6,170	3,316	9,486	4,676	1,930	6,606
Musical	143	52,629	19,970	72,599	48,676	13,200	61,876
Opera	14	4,692	3,671	8,363	4,094	2,465	6,559
Student Production	6	981	504	1,485	819	263	1,082
Workshop	22	895	751	1,646	731	516	1,247
	580	**124,602**	**49,539**	**174,141**	**106,951**	**32,273**	**139,224**

Annual Performance Report

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 1: DEVELOP AND MAINTAIN LONG-TERM PARTNERSHIPS							
Develop new and maintain established partnerships for funding, programming, building development and maintenance.	Build and maintain structured partnerships with the Corporate Sector.	Additional funding secured to improve service delivery.	MOU signed with corporate sector.	Fundraising Strategy in place.	By Sept 2011.	Achieved 1st MOU was signed with external partner and executed to the value of R 500,000.00. MOU signed with Ticket List to market SAST productions to Visa Entertainment Portal subscribers. Fundraising action plan and operational plan completed. Implementation of some the activities have started.	Fundraising Policy has been developed & reviewed by the Fundraising Committee. It will be submitted to Council for final approval at the May meeting. Implementation thereafter. 2nd MOU with external partner to be signed to the value of R300,000.
	Build and maintain structured partnerships with National, Provincial and Local government.	Additional funding secured for building development.	MOU signed with Department of Infrastructure Development.	Not achieved.	By Sept 2011.	Partly achieved It has been difficult to get commitment from DID regarding infrastructure maintenance, upgrading and development.	Meetings held and medium term reports submitted to DAC for the upgrading and development of the SAST infrastructure.
	Build and maintain structured partnerships with government.	Additional funding secured for short and long-term maintenance of the building and theatres.	Funding received from DAC.	R10m received in 2010/11.	By June 2011.	Achieved. R13.21 mil approved for 2011/12	Several CAPEX projects in progress. DAC is aware of the difficulty in finalising the partnership with DID, DAC indicated that they will fund the capital projects.
	Build relationships with Pretoria Embassies by maintaining International programming throughout the year.	International programming increased through involvement of embassies or international cultural agencies.	Number of embassies and international cultural agencies involved in SAST programme.	11 Embassies & High Commissions based in Pretoria participated.	11 Embassies and international cultural agencies per annum.	Partly achieved Various embassies and High Commissions have used our theatres for their events and concerts.	Festival sponsorship document finalised and request sent to the City of Tshwane to participate in an international festival in 2013/14. This would assist in getting more embassies & High Commissions on board.
KEY FOCUS AREA 2: INCREASE DIVERSITY OF PRODUCTS							
Developing greater diversity and range of product on our stages.	Staging & Development of in-house productions through commissioning & buying.	Increased in-house productions by 10% per annum.	Number of in-house productions.	27 In-house productions.	30 in-house productions per annum.	Partly achieved Y.T.D – 25 In-house Productions.	The 5 weekly/monthly/year long Rendezvous Theatre programme is part of the Annual in-house productions' calendar.
		Increase the number of performance days of in-house productions by 10% per annum.	Number of performance days.	161 days.	Increase number of performance days to 177 days per annum.	Not achieved Y.T.D – 161 days.	The Opera and Drama theatres were closed for major upgrade and maintenance in January and February. The major upgrade has been finalized, there is need to look at an extended annual programme for February & March.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 2: INCREASE DIVERSITY OF PRODUCTS							
Developing greater diversity and range of product on our stages.	Staging & Development of in-house productions through commissioning & buying.	Increase the number of audiences by 10% per annum.	Audience figures for in-house productions.	83 289 patrons.	Increase audience figure to 91 618 per annum.	Not achieved Y.T.D – 55, 735	Re-structuring of the Marketing Dept was finalised mid-year. Critical is to find new and innovative ways of marketing our productions to maximise income and exposure.
		Employment provided to actors.	Number of actors employed to increase by 10% per annum.	100 Actors.	Increase employment figures to 110 Actors per annum.	Achieved Y.T.D – 142 Actors/Performers employed.	Higher target set for 2012/13 in order to create more jobs for actors and artists in general.
		Development of a regular Jazz, Comedy, Hip-Hop, Poetry & Rock Nites programme.	Number of products offered.	Programme piloted successfully in 2010/11. 5 Products offered.	5 productions to be offered in 2011/12.	Achieved All 5 Productions are offered per month. Except for Q4, only Jazz and Comedy was offered.	A consistent Rendezvous programme will be implemented in order to create more jobs for artists.
			Number of performance days to increase by 10% per annum.	Total Performance days = 61	Increase number of days to 67 days per annum.	Achieved Y.T.D – 84 Performance days.	A consistent Rendezvous programme will mean more performance days in the new financial year.
			Audiences figures for the Rendezvous Theatre to increase by 10% per annum.	Total number of patrons – 6 077	Increase audience figures to 6 684 patrons per annum.	Partly achieved Y.T.D – 5, 656	We need to create new & innovative ways of marketing the various productions.
			Number of artists employed.	New Indicator	Increase employment figures by 10% per annum.	Y.T.D – 281	
		Increased hiring days for hire/co-productions by 10% per annum.	Number of performance days In the Opera Theatre.	Opera - 261 days	Increase number of performance days to 287 days per annum.	Not achieved Y.T.D - 199 days	Major upgrade of the venues has been completed. We have also increased the number of productions in the Opera Theatre in the f/y in order to increase the number of performance days.
			Number of performance days in the Drama Theatre.	Drama – 246 days.	Increase number of performance days to 270 per annum.	Not achieved Y.T.D – 193 days.	A few outside hire companies cancelled their seasons, citing lack of sponsorship. To avoid this, going forward will make sure when bookings are done, sponsorship is secured as well.

State Theatre | Protected Mode: On 100%

Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 2: INCREASE DIVERSITY OF PRODUCTS							
Developing greater diversity and range of product on our stages.	Staging & Development of in-house productions through commissioning & buying.	Increase audience figures in the Opera & Drama Theatres.	Number of audience figures to increase by 10% per annum. Opera Theatre.	Opera - 82 075 audiences.	Increase audience figures in the Opera Theatre to 90 282 audiences.	Achieved Y.T.D – 90, 366 Opera audiences.	In new f/y we have been able to scheduled more shows in the Opera Theatre.
			Drama Theatre.	Drama - 32 014 audiences.	Increase audience figures in the Drama audience to 35 215 per annum.	Achieved Y.T.D – 36, 566 audiences.	There is major focus to make sure that the Drama Theatre maintains good level of productions and audiences.
		Productions from State Theatre to tour to other theatres.	Number of State Theatre productions presented elsewhere in SA.	5 Productions.	2 productions per annum.	Not achieved Y.T.D – 0 Tours.	Target not achieved due to budget constraints (SAST & other theatres).
		Productions from other producing theatres and Cultural Institutions presented at State Theatre.	Number of productions from other Cultural Institutions and producing theatres at State Theatre per annum.	2 productions per annum.	2 productions per annum.	Achieved Y.T.D – 7 Tours.	

KEY FOCUS AREA 3: INCREASE DIVERSITY OF AUDIENCE							
Increasing the diversity of our audience.	Securing the Theatre Truck from Transnet for the Development Department, and raise funds from Trusts, Foundations and other funders.	Development Department outreach and audience development initiative.	Fund-raising for the Development Department from Trusts, Foundations and Lottery.	New indicator.	Securing of Theatre truck plus funding & launch the truck by June 2011. R250,000 to be raised by September 2011.	Partly achieved. Negotiations were entered into with Transnet, but they subsequently scaled down their Arts Department and could not provide funding/ sponsorship but donated the theatre truck.	Partnership developed with the Dept of Science & Technology; possible utilisation of the truck in Kimberly in the new financial year. Project has been postponed until the announcement of the bid winners. Funding raised - R236 560 from various projects – SKA and other projects.
	Develop and Maintain a Community Programme.	Provision of access to theatre by PDI groups in LSM groups 2-6 as both audience and participants.	Community Programme developed and implemented.	10 Community groups involved in the Fieldwork programme.	Work with 20 Community Groups in 2011/12.	Partially achieved. 18 groups registered: 10 first year and 8 second year groups registered.	Out of 18 registered, 2 have fallen off the programme and could not be replaced on time.
					Secure 20 students enrolled at TUT as fieldworkers.	Partially achieved. 10 TUT students & 8 Graduates contracted.	10 Fieldworkers from TUT and 8 graduates have been contracted.
				240 Community artists involved in workshops.	Engage with 100+ community artists in development workshops per annum - 100 Community artists.	Partially achieved. Y.T.D - 73 Artists attended.	Going forward more community artists will be sourced so that those artists that fall off can be replaced with ease.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 3: INCREASE DIVERSITY OF AUDIENCE							
Increasing the diversity of our audience.	Develop and Maintain a Community Programme.	Provision of access to theatre by PDI groups in LSM groups 2-6 as both audience and participants.	Community Programme developed and implemented.	No Schools were engaged in 2010/2011.	Engage with 15 schools in the Development Programme.	Not achieved. The project will be activated in the new financial year.	The schools project was linked to the Transnet Theatre Truck grant that didn't materialise.
	Create regular programme for the Momentum Theatre.	Programme 3 seasons.	Number of productions presented at the Momentum Theatre.	7 Productions.	Present 8 productions in 2011/12.	Achieved. Y.T.D – 8 Productions.	
	Provide structured opportunities for new audiences to attend the theatres.	Audience Development Programme implemented to attract new audiences.	Develop a programme that contributes to Education – School/educational productions/set-works.	3 School set-works.	3 Set-work/educational productions.	Achieved. Y.T.D – 3 Set-works.	
	Introduce complimentary tickets for new audiences for in-house productions.	Tickets issued	Number of complimentary tickets issued	17 309 (comps issued)	Number of tickets issued to increase by 5% to 18 174 comps	Achieved. Y.T.D – 23, 171.	
			Attendance figures	11, 530 (attended)	Number of people attending to increase by 10% to 12 683 audiences per annum.	Achieved. Y.T.D – 14, 718 comps attended.	
	Provide Festivals & events in-door & out-door.	Stage Festivals & event: Mzansi Festival, Youth Day, and Women's Day, etc.	Number of Festivals. Number of days.	3 Festivals.	Number of festivals. 12 days of Mzansi Fela Festival programming in 2011/2012.	Not achieved. Y.T.D – 1 Festival (Mzansi) 8 days of Programming with 29 performances.	Female artists' season is scheduled in the new financial year.
	Maintain relationship with external producers for presentation of productions and events.	Productions in the Opera & Drama Theatres.	Hiring of Opera and Drama Theatres to present work popular within the Tshwane/Gauteng community.	14 Productions per annum.	10 Productions presented per annum at the theatres by external producers.	Achieved. Y.T.D - 26 Outside productions.	
	Provide a structured programme for the Rendezvous Theatre and diversify audiences.	Diverse Audience attracted in the Rendezvous Theatre.	Development of the Rendezvous Theatre audience base, breakdown by genre: Jazz, Comedy, Poetry, Hip-hop, Rock Nites.	6 ,077 (also in objective 2).	Increase audience figures by 10% to 6 685 per annum.	Not achieved. Y.T.D – 5, 656.	New & innovative marketing strategies will be implemented in the new financial year.

State Theatre | Protected Mode: On 100%

Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 4: PROMOTE ENTERPRISE CULTURE							
Developing Enterprise Culture through the organisation.	Develop partnerships with the corporate sector in developing management skills.	Management skills and competency levels enhanced.	All HOD's attended training.	PFMA training done.	HOD's to attend at least 1 training session per annum.	Not achieved.	Companies with interest could not be found.
	Encourage individual initiative through the introduction of appraisal and performance management structures.	Performance management and appraisal structure for all departments in place.	Signed performance contracts.	Job descriptions & performance contracts for HOD's in place.	Introduce performance management and appraisal structure for middle management in 2011/12 and the whole organisation by 2012/13.	Achieved.	Performance contracts done.
			Training of HOD's on staff appraisal.		All HOD's to be trained by April 2011.	Achieved.	Training done.
KEY FOCUS AREA 5: MAXIMISE INCOME							
Increase Self-Generated Income.	Raise sponsorship income by building relationships with the corporate sector.	Additional funding for development, productions and special projects secured.	Sponsorship Income raised.	R250 000	2011/12 – R2 million 2012/13 – R3 million 2013/14 - R5 million	Not achieved. No sponsorship income.	Sponsorship and marketing think tank to be created. (e.g adverting agency, corporate businesses). Council has approved creation and thin tank at March 2012 meeting.
			Fundraising Strategy implemented effectively.	Fundraising Strategy developed.	Quarterly Progress Reports	Partially achieved.	Fundraising Committee has been established and 2 meetings held. Strategy reviewed and approved by Fundraising Committee and action Plan to be implemented Drive sales for building wraps; Additional proposals to be done.
			Production funding raised from government & private sector.	R6,166,350, this was made possible because of the 2010 World Cup.	R6,166,350	Not achieved. Y.T.D –R2, 249, 890	Baseline was too high & difficult to match.
	Maximise income by making effective use of property portfolio through rentals.	Rental income increased in line with approved rates.	% Increase in rental income from baseline: 5,6% per annum - Kilnerton.	R1, 125, 995 (excluding electricity).	Kilnerton rental Income to increase to R1, 195,080 per annum.	Achieved. Y.T.D – R1,281, 686	
			10,5% per annum - Office Blocks.	R 732, 669	Office Blocks income to increase to R 991,200 per annum.	Partly achieved. Y.T.D – R762, 119	Some tenants gave up their offices due to financial problems. New tenants moving in April 2012.
			70% per annum – Theatres.	R2, 530,028 (Theatre rental + % income).	Theatre income to increase to R3, 565,146 per annum.	Partially achieved. Y.T.D – R3, 326, 943	Some productions were cancelled. Both Opera and Drama theatres were dark in January & February due to scheduled maintenance.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 5: MAXIMISE INCOME							
Increase Self-Generated Income.	Maximise income by making effective use of property portfolio through rentals.		28% per annum - Function Room.	R 133, 345	Function Room income to increase to R 99,900 per annum.	Achieved Y.T.D – R128, 449.	
			5.5% per annum - Restaurants.	R 705,483	Restaurants income to increase to R574, 658 per annum.	Partially achieved. Y.T.D – R514, 408.	Income was negatively affected by a tenant moving out and another not paying rent.
	Increase hiring opportunities of costume, decor and props by developing and maintaining a range of stock.	Increased Decor and Wardrobe income.	6 % Increase in Decor and Wardrobe income from baseline.	R1, 344,406	Increase Decor and Wardrobe income by 5% to R1, 418,348 per annum.	Achieved. Y.T.D – R1, 597, 193.	
	Increase ticket sales for In-house productions through effective implementation of the Marketing Strategy.	Increased Box Office income.	Increase in Box Office income from baseline.	R2, 695,446	Increase Box Office income to R3 million per annum.	Partially achieved. Y.T.D – R2, 130, 818.	Need to review Marketing & sales strategies and consistently monitor ticket sales & effectiveness.
	Raise parking prices by undertaking annual survey of competitor prices.	Parking income increased based on competitor prices.	% Increase in Parking income from baseline.	R9, 423, 463 *2010/2011 baseline revised in line with audited figures.	Increase Parking income by 10% to R10, 281, 207 per annum.	Partially achieved. Y.T.D – R10, 074, 364.	Need to programme more shows in Feb & March to increase evening parking income.
	Increase spending at Front of House through effective implementation of the customer care strategy.	Increased Front of House income.	% Increase in Front of House income from baseline.	R1, 499, 254 *2010/2011 baseline revised in line with audited figures. Includes Satchmo's income.	Increase Front of House income by 6% to R1, 502,405 per annum.	Achieved. Y.T.D – R1, 720, 192.	Retail strategy and lines to be relooked. New pricing strategy to be looked into in the new financial year.

State Theatre | Protected Mode: On 100%

Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 6: DEVELOP AND MAINTAIN BUILDINGS							
Ensure long-term future for our building and other assets.	Conduct a feasibility study on the development of the State Theatre's property including Kilnerton.	Architectural/Precinct development study of State Theatre assets.	Funding secured for all CAPEX needs.	Commission report for all CAPEX needs submitted to DAC.	Report to be implemented by December 2011.	Achieved.	Three year capital needs request, submitted to DAC. R13.21 mil has been approved for 2011/12. Received to date R13,21mil.
			Commission report on use of Kilnerton property.	Not achieved.	Feasibility study to be conducted by December 2011 and Commission report to be ready by March 2012.	On hold.	On hold due to possible utilisation by DAC. If not, SAST will look at medium-term plans in order to maximise income.
	Plan and execute major upgrade of stage equipment and facilities in the Drama Theatre.	Theatre fit for purpose for next decade.	Drama Theatre stage equipment and facilities upgraded.	Tender to be awarded in March.	By September 2011	Achieved.	Upgrading completed in February.
	Investigate and undertake capital feasibility study on rationalising costume storage to create opportunity for more parking space.	At least 70 parking bays created.	Commission study on creation of additional parking space.	Parking station at capacity in 2010/11, proven potential to sell more space.	Study commissioned by June 2011, completed by Sept 2011.	Achieved.	Potential income R403 200 p/a. Steel work has been completed. Castings for woodwork in progress.
	Maintain the theatre buildings by implementing a structured maintenance programme to ensure public and staff safety and compliance with statutory responsibilities.	Maintenance programme that compliance with statutory regulations.	Maintenance programme effectively implemented.	Implemented in Jan 2010.	Quarterly progress reports on implementation of the programme	Achieved	Maintenance programme progress report
			Time taken to attend to maintenance issues related to health and safety.	Achieved.	98% of maintenance issues related to health and safety dealt with in 24 hours.	Achieved. Q4 – 17 Health and Safety Issues reported. All issues dealt with within 24 hours. Y.T.D – 49 Emergencies. All issues dealt with within 24 hrs.	All issues dealt with within 24 hours.
			Man hours spent on emergency repairs.	17 Hours.	Man hours spent on emergency repairs reduced by 5% per annum over the next 2 years. Target 2011/12 - 16 Hrs.	Not achieved. Q4 – 26 hrs/15 min spent on Emergency repairs. Y.T.D – 49 hrs/20 min spent on Emergency repairs.	Building & equipment is 30 years old. Unforeseen breakdowns will happen.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 6: DEVELOP AND MAINTAIN BUILDINGS							
Ensure long-term future for our building and other assets.	Maintain the theatre buildings by implementing a structured maintenance programme to ensure public and staff safety and compliance with statutory responsibilities.		Man hours spent on scheduled maintenance.	480 Hours.	Scheduled Maintenance hours per annum - Target: 600 hrs.	Not achieved. Y.T.D – 1 245 Hours spent on scheduled maintenance.	Building and Equipment is old so it takes longer to repair and to source the right spares at competitive prices.
			Health and Safety Audit conducted annually.		November 2011.	Partially achieved.	Tenders requested for H&S audit on air-con. Service provider identified. Appointment in process.
		Minimised programme disruption due to breakdown of equipment and plant which results in Performance cancellation.	95% of all scheduled programmes staged without delay, interruption or incident.	No cancellations.	No cancellations. 95% of all scheduled programmes staged without delay, interruption or incident.	Achieved -100%.	No cancellations due to breakdown.
	Enhance public safety in the building and surrounds by implementing a security plan.	Secure environment provided to customers and staff.	Security plan developed and implemented effectively.	New Indicator.	By July 2011.	Achieved.	Security plan developed and approved by Technical Director.
			Progress Reports on implementation.	New Indicator.	Monthly Progress reports on implementation of Security Plan.	Partially achieved.	Implementation will take place in the new financial year.
			Number of incidents reported on Theft, Assault, Malicious damage to property and injury on duty.	10 Incidents reported.	Reduce Incidents reported by 50% annually Target 2011/12 – 5 incidents.	Not achieved. Y.T.D – 14 Incidents Reported: • 4 Theft. • 10 I.O.D.	New cameras to be installed on key floors. General Health and Safety audit to be done in the financial year and implemented thereafter.

State Theatre | Protected Mode: On 100%

Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 7: PROVIDE EXCELLENT CUSTOMER CARE							
Provide excellence in our care for our customers.	Provide customer care training to all staff.	Training programmes delivered to improve customer care awareness and skills.	Customer care training attended by all staff.	FOH staff attended training.	Annual training for Front of House staff.	Achieved.	Customer care training combined with Orientation training of new recruits with a written exam took place in March 2012.
					All other staff trained by June 2011.	Achieved.	Customer Care training took place in May 2011.
	Develop and implement customer care policy and procedures.	Compliance with customer care policy and procedures.	Customer care policy and procedures implemented by all HOD's.	Customer care policy developed.	Customer care policy to be adopted and procedures developed and implemented by all HOD's by May 2011.	Partly achieved.	Customer Care Policy and procedures completed and approved. Implementation to follow in the next financial year.
		Corporate membership scheme established as part of fundraising.	10 Corporate scheme members.	Not achieved	By December 2011.	Not achieved.	Sales Manager and Corporate Sales Rep to be appointed in the new financial year.
	Ensure consistency branding of all State Theatre productions, both hires and own productions by implementing a marketing strategy.	Increased visibility, recognition and publicity of The State Theatre productions & brand.	Marketing strategy implemented & free publicity obtained calculated in Rand value.	R10,487,915.68	Increase free publicity by 10% to R11, 536,707 per annum.	Partly achieved. Y.T.D – R8, 798, 875 free airtime.	To create additional publicity opportunities & maximise coverage of SAST, a junior publicist post will be created to deal with work load.
	Conduct audience surveys to assess brand satisfaction levels	Audience brand satisfaction level increased and monitored.	Number of surveys conducted	Baseline customer survey conducted in June.	2 surveys per annum.	Achieved Y.T.D - 951	This is an on-going process done on a quarterly basis.
			% increase in audience satisfaction level.	External consultants to assist as from 2011-2012	Increase 10% year on year with level of audience satisfaction record.	Not Achieved Research to be conducted and further analysis to be completed.	Automated audience measurements to be implemented via Computicket scanners, investigating a system with key pads at strategic points to measure customer satisfaction.
	Develop data bases and other electronic communication tools to increase effectiveness of communication with customers.	Improved communication with customers and potential customers.	Interactive website.	Revamped website by end March 2010.	Interactive website operating by April 2011.	Achieved. Interactive site completed and in operation. Daily monitoring and constantly strive to offer accurate information. Develop and Digital Marketing Strategy and train staff in digital media techniques.	New Junior publicist to deal with all electronic media. More staff trained to manage SAST Website to reduce turnaround time. Policy regarding website additions included in Marketing Policies and Procedures.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 7: PROVIDE EXCELLENT CUSTOMER CARE							
Provide excellence in our care for our customers.	Develop data bases and other electronic communication tools to increase effectiveness of communication with customers.	Improved communication with customers and potential customers.	Number of SMS's per annum.	18 457 SMS's.	Increase SMS database by 10% per annum from baseline. 2011/2012– 20 302 SMS's.	Achieved. Y.T.D - 20 305 SMS's inclusive of hidden sms system on the website 2834.	More aggressive media strategy to be implemented in the new financial year to increase the database.
			Number of e-mails database per annum.	86 440 E-mails.	Increase e-mail database by 10% per annum from baseline. 2011/2012 - 95 084 emails.	Not achieved. Y.T.D – 12 959 E-mails.	Decreased due to opt out option and natural attrition. Digital Marketing Strategy required to build database.
			Number of website visits per annum.	84 592 Visits	Increase website hits by 20% per annum from baseline 2011/2012 – 101, 510 visits	Achieved. Y.T.D – 111, 207 visits	
			Number of friends on Facebook & Twitter.	Facebook: 2227 Twitter: 312	Increase number by 20% from baseline. Facebook: 2 672 Twitter: 374	Partially achieved. Y.T.D – Facebook: 2, 632. Achieved. Y.T.D Twitter: 490 Followers.	Both have slightly increased, however we need to focus on more interactive digital strategy and engage with friends and users more actively.
KEY FOCUS AREA 8: COMPLIANCE WITH LEGISLATION							
Ensure Compliance with all legislation and government regulations.	Implement financial policies and procedures in line with PFMA.	Compliance with PFMA.	Unqualified Audit report.	Next financial year.	No qualification.	Achieved.	Action plan to address Auditor-General's findings is in place.
		Minimal issues raised under emphasis of matter in the external Audit Report.	Number of issues raised as Emphasis of matter.	Next financial year.	Not more than 10 emphasis of matters per annum.	Achieved. 2 Issues reported.	
		Repeat audit queries eliminated.	Number of repeat findings raised.	Next financial year.	No repeat findings. Progress Report compiled on queries that cannot be addressed over 1 financial period.	Not achieved. 2 repeat findings raised under emphasis of matter.	1. Fruitless and wasteful expenditure finding – condonement letter on this matter to be written to DAC for Treasury's attention. 2. Restatement of corresponding figures – Final presentation of financial statements to be referred to technical experts for review prior to submission to Auditor-General.

State Theatre | Protected Mode: On 100%

Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 8: COMPLIANCE WITH LEGISLATION							
Ensure Compliance with all legislation and government regulations.	Submit financial and non-financial information to relevant Stakeholders within the prescribed timeframes.	Compliance with PFMA Reporting timeframes.	Quarterly Performance submission to DAC.	Submission deadlines met.	Quarterly - A month after every quarter.	Achieved.	
			Budget submission DAC.	Submission deadlines met.	28 February - Annually.	Achieved. Budget submitted on the 28th February 2011.	
			Annual report submission to DAC.	Next financial year.	31 August - Annually.	Achieved. Awaiting final audit by 31 July 2011.	
			Financials submission to AG.	Next financial year.	31 May - Annually.	Achieved. Financial report submitted to AG for audit on 31st May 2011.	
	Implement Human Resources Policy and Procedures in line with the Basic Conditions of Employment Act and Labour Relations Act.	Compliance with Basic Conditions of Employment Act.	Monthly Compliance report.	Monthly Compliance report	Monthly Compliance report.	Achieved. Discussed as part of the Monthly HOD Report.	Forms part of the HOD report. Employment Equity Report – submitted to Labour once in two years. Latest Report submitted in January 2011. The next submission will be in Jan 2013.
		Compliance with Labour Relations Act.	Number of Industrial disputes resolved.	5 Industrial disputes were reported.	Limit Industrial disputes to 5 per annum.	Achieved. • 1 Labour court case (pending). • 1 CCMA (fell off). • 1 Dismissal (fell off). • 1 Demotion (fell off). Y.T.D – All cases reported have been ruled in favour of SAST except for the Labour court case which is still pending.	
			Time taken to resolve disputes.	New indicator.	Disputes revolved timely in line with the Human Resources Policy.	N/A - Refer to case mentioned above.	The above mentioned cases cannot be measured. Only grievances and cases related to formal disciplinary hearing can be measured which have not been reported.
	Implement the Employment Equity plan in line with the Employment Equity Act.	Compliance with Employment Equity Act.	Employment Equity targets fully met.	90% of Targets Achieved – Employment opportunities not created for people with disabilities.	Monthly Progress report on Implementation of the Employment Equity Plan.	Partly achieved.	Employment Equity Charter approved by the HR Committee. Employment Equity Plan to be developed in the next f/y and then reported on a monthly basis.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 9: DEVELOP AND TRAIN STAFF							
Value and develop our staff to enhance their skills base.	Develop and implement a training strategy that will enhance the skills of our staff base.	Improved competency levels.	Training Strategy implemented in line with the Training Plan.	Training Strategy Developed.	April 2011.	Partly achieved.	Strategy approved by the new HR Committee. Training Plan was approved & implemented.
			Monthly progress report on implementation.		Monthly progress reports on implementation of the training plan.	Achieved.	Progress is being reported in the monthly HOD reports.
	Developing employee awards scheme to recognise staff performance.	Investors in People Award scheme.	Employee Awards Policy developed and implemented.	Not Achieved.	Policy to be developed and implemented by December 2011.	Partly achieved.	Policy developed and approved by the new HR committee. To be implemented in the next financial year.
	Internal Communications Strategy developed and implemented to improve communication within the organisation.	Improved communication within the organisation	Internal Communications Strategy documented and implemented	Not Achieved.	Development - June 2011.	Achieved.	Internal Communications Strategy developed and approved.
					Implementation – October 2011.	Not achieved.	To be implemented in the next financial year.

KEY FOCUS AREA 10: ENHANCE COST EFFICIENCY WITHIN THE ORGANISATION							
Plan effectively to ensure cost base of organisation is efficient.	Install software for venue hire and planning.	Decreased expenditure on overtime as a result of better planning of venue utilisation.	Venue hire and planning software operating effectively.	New indicator.	Software installed by September 2011.	Not achievable until funding is set aside.	Project abandoned due to lack of funds.
			Overtime costs on Stage Services.	R608, 904	Reduce overtime costs by 10% per annum. 2011/2012 – R787, 992	Achieved Stage Services overtime costs. Y.T.D – R341, 242 This figure includes Y.T.D overtime costs recovered which amount to R51, 500.	
			Monthly overtime reports.	New indicator.	Monthly reports on overtime spent vs. plans.	Achieved.	Monthly Income and Expenditure Report/ Income Statement sent to the Stage Services HOD by Finance which covers overtime spent vs budget information.

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Strategic Objectives	Activities	Key Outputs	Performance Indicators	Baseline 2010/2011	2011-2012 Targets	Actual Performance	Variance Report
KEY FOCUS AREA 10: ENHANCE COST EFFICIENCY WITHIN THE ORGANISATION							
Plan effectively to ensure cost base of organisation is efficient.	Ensure collection and monitoring of Performance Information across all departments of the organisation to enable effective measurement of progress against plans.	Improved organisational Performance Management.	Performance information collected by all departments and progress reported against plans.	Performance information collected and reported on a Quarterly basis.	All departments report performance information on a Quarterly basis.	Achieved.	A new Performance Information Policy drafted and to be approved by Council in the new financial year and implemented thereafter.
			MIS system is in place to make sure that all statistics are captured and reported as required.	MIS system is being implemented as a pilot project by Front of House.	MIS to be fully implemented by FOH, Marketing & HR departments by June 2011.	Partially achieved. Currently, only Front of House is utilising MIS as a pilot project.	MIS to be discontinued at end of this year. Computicket to sponsor all hand held scanners and software for reporting purposes.
			% of departmental targets achieved.	50% of departmental targets were met in 2010/2011.	90% + of departmental targets being met in 2011/12 and improving thereafter.	Not achieved. Out of 87 targets set for 2011-2012: 52% of the targets have been achieved. 26% - Partly achieved. 22% - Not achieved. Overall score of 78%.	Main targets which are core to the organisation have either been achieved or partly achieved. The targets that have not been achieved is a result of budget constraints, including old equipment & building as the turn around time to fix things is much longer than anticipated. Objectives and activities have been streamlined & reduced to make accounting much easier.
	Implement a new Moonlighting Policy which describes conditions for employees working outside of organisation, defines procedures for freelance work and defines ownership of IPR and other rights for work financed by the State Theatre.	Compliance with moonlighting policy and procedures.	New moonlighting policy and procedures developed and implemented.	Consulting with management, staff and Council on current draft documentation.	New policy and procedures in place by May 2011.	Partially achieved.	The draft Moonlighting Policy to be amended in line with the comments that have been received from the review process.

FUNDING REQUIREMENTS PER KEY OBJECTIVE

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Key objective	2011/2012 R'000	2012/2013 R'000	2013/2014 R'000
INCOME			
State Contribution			
Operational	37,109	38,978	41,316
Non-exchange Revenue	10,263	10,878	11,530
Fundraising, Marketing & Other	23,502	24,912	26,406
Other Income	953	1,010	1,070
Total Income	**71,827**	**75,778**	**80,322**

State Funded Expenditure			
Artistic	11,306	11,984	12,703
Front of House & Applause	3,395	3,599	3,815
Security & Transport	5,877	6,229	6,602
Parking	1,107	1,173	1,243
Wardrobe Hiring & Décor	2,413	2,558	2,711
Stage Services	6,714	7,116	7,542
Marketing	3,672	3,892	4,125
Human Resources	1,540	1,632	1,730
Development	1,182	1,253	1,328
Administration	13,174	13,964	14,801
Facilities	2,983	3,162	3,351
Maintenance	12,059	12,782	13,548
Upgrade of Facility	5,786	6,133	6,500
Capital Expenditure	619	298	323
Total	**71,827**	**75,778**	**80,322**
Surplus / Deficit	**0**	**0**	**0**

State Theatre | Protected Mode: On 100%

CAPITAL INVESTMENTS REQUESTS & RESERVES

BUILDINGS	2011/2012 R'000	2012/2013 R'000	2013/2014 R'000
Major Capital Works			
Building development feasibility studies State Theatre and Kilnerton	300	250	250
Drama stage equipment upgrade	400	3400	800
Ongoing programme to replace and repair passenger lifts in building	3800	3400	3800
IT Development	150	150	200
Radio and paging system	0	120	120
Replacement of Stage lighting equipment	1500	1500	800
Repairs and Renovations			
Air conditioning cooling tower fans to be serviced	120	80	60
Replacement of suspended ceilings	120	140	160
Replace and repair all damaged and missing aluminium profiles from window frames	150	150	150
Replacement of air conditioning tower sand filters	60	80	120
Cleaning State Theatre buildings on outside	250	200	200
Replace stand by pumps for sewage and storm water	150	150	150
New Buildings			
Kilnerton domestic water piping system	180	100	80
Kilnerton buildings & roofs	500	500	500
Additional Equipment Requirements			
Broadcast quality camera and editing equipment and software	100	90	
Equipment to enable production of CD's of State Theatre works		50	
TOTAL	**7 780**	**10 160**	**7 190**

RESERVES		2008/2009	2009/10
Sources			
Accumulated Funds / Reserves at beginning of the year		772	39,175
Prior year error		38,190	
Restated balance		38,962	
Net Surplus / Deficit		212	-3106
Funds / Reserves at the end of the year		**39,175**	**36,068**

OVERVIEW OF PAST PERFORMANCE AND SPENDING TRENDS

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	2006/07 Audited R'000	2007/08 Audited R'000	2008/09 Audited R'000	2009/10 Audited R'000
INCOME				
State contribution	26,177	30,005	30,942	33,301
Fundraising, marketing and other	18,875	18,682	19,650	22,488
Other Income	816	1,574	1,923	2,701
Total Income	**45,869**	**50,262**	**52,515**	**58,490**

STATE FUNDED EXPENDITURE				
Admin Support Service & Other/Productions	13,012	13,939	14,999	20,218
Depreciation	6,125	5,564	4,821	4,511
Front of House/Theatres	1,129	818	719	964
Maintenance & refurbishments	2,039	2,937	3,983	3,094
Marketing	1,009	441	166	2,533
Staff costs	16,542	21,060	23,440	26,095
Utilities	2,825	3,191	4,177	4,181
Total Expenditure	**42,591**	**47,950**	**52,305**	**61,596**

Net Surplus/Deficit	**3,278**	**2,311**	**210**	**-3106**

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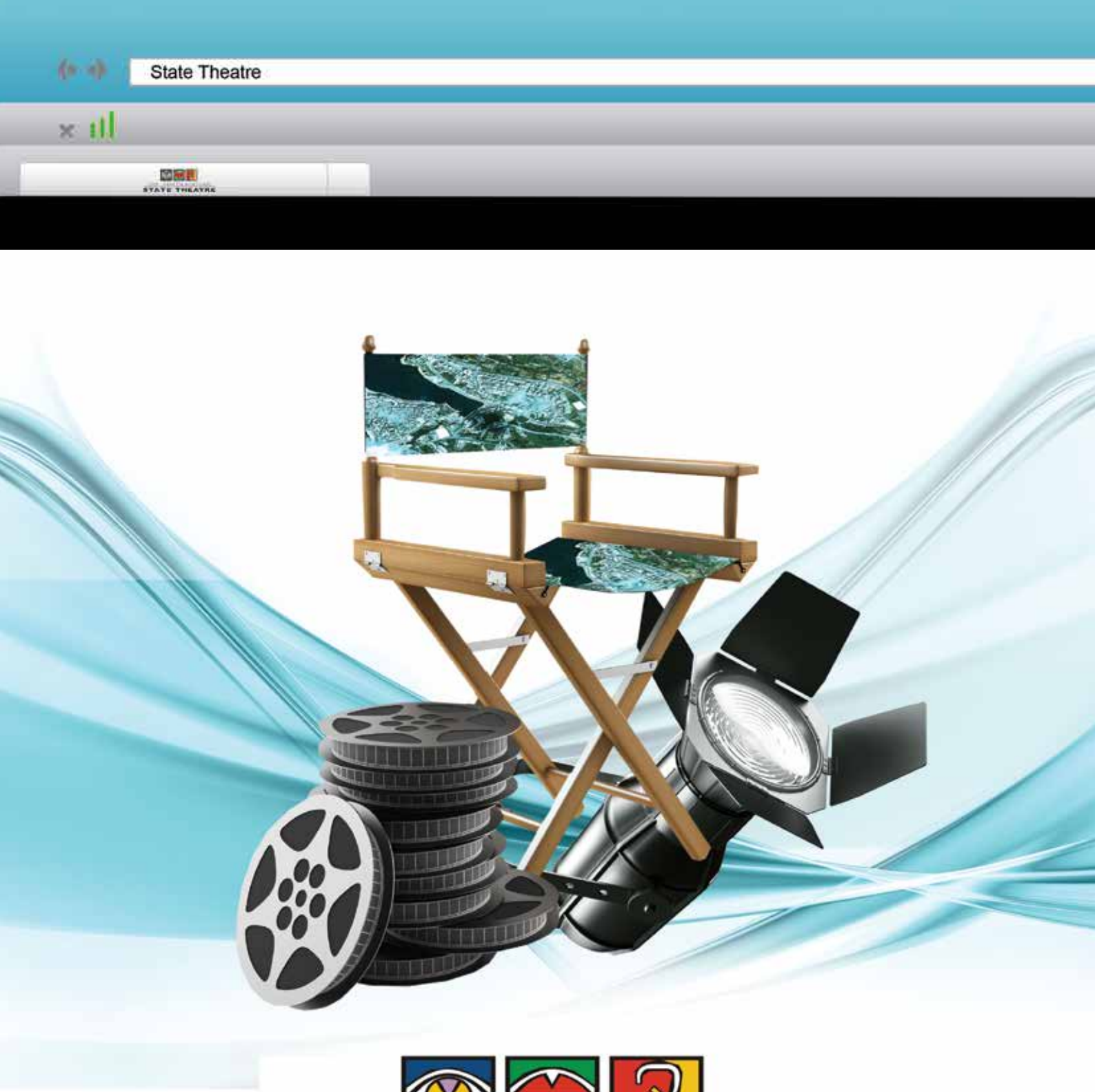

Organisational Management

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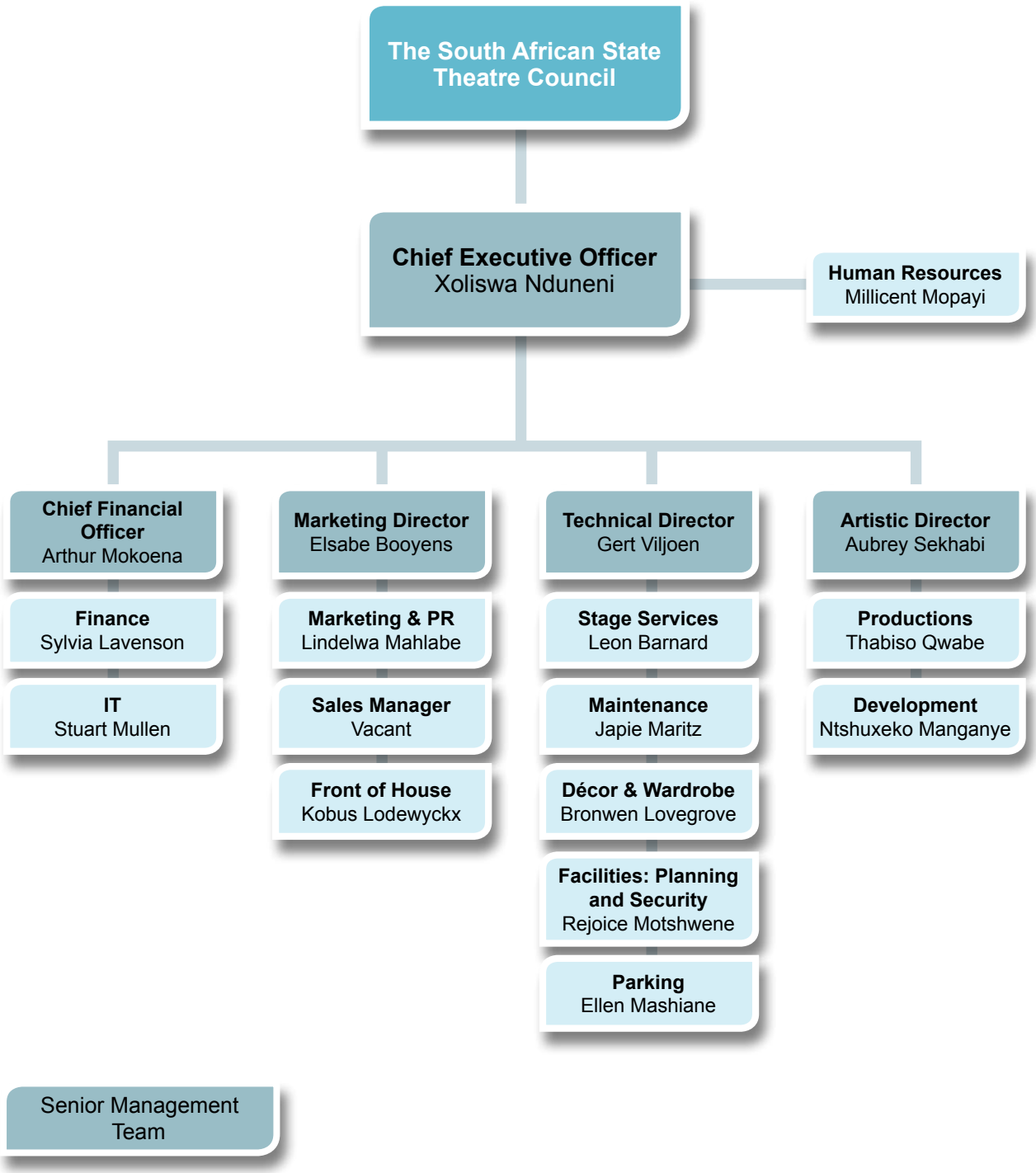

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HUMAN RESOURCES STRATEGY

HUMAN RESOURCES STRATEGY

- To provide Human Resource Management, Development and Employment Relations to The State Theatre employees by complying with all Statutory Bodies under the Labour Law.
- To monitor and report on the implementation of the strategy in order to equip the State Theatre's Council and Management with the tools to manage its human resources in a cost effective manner.

PURPOSE OF HUMAN RESOURCES STRATEGY

- We aim to value our staff by providing them with the training, facilities and management to undertake their work to a standard of excellence and endeavour to maintain the value of salaries and benefits against the cost of living.
- We aim to plan effectively and ensure that the cost base of organisation is efficient.

STRATEGIC HUMAN RESOURCES OBJECTIVE

- Minimise Industrial disputes.
- Compliance with all Statutory Bodies under the Labour Law.
- Recruitment – ensuring recruitment processes identify the best person for the post.
- Ensure all staff are trained in Customer Care.
- Substantially improve communications within the organisation.
- Develop a learning culture within the organisation.
- Administer and manage the organisation with the highest level of skill and care.
- During the period of this business plan we will secure an Investors In People or other nationally recognised awards for good practice in the employment, training and motivation of staff.
- To continue the transformation of the organisation's staffing of competent individuals.

Key Activities	Description	Target for full implementation
Internal Communications Strategy in partnership with Marketing Department.	Strategy document outlining methods for communication within the organisation. Publication of internal staff newsletter.	Monthly newsletter. Internal newsletter implemented and published as per requirement.
Induction Policy.	Monitor programme for the introduction of new staff to the organisation.	Ongoing – completion of induction monitoring form by each new member of staff.
Staff Handbook.	A simple booklet introducing Policies and Procedures, and employee rights and responsibilities will be issued to all staff members.	June 2011.
Policies and Procedures.	Review of Policies and Procedures to ensure statutory compliance and appropriateness for the organisation.	Biennial activity by July 2011 through outsourcing to contractor. Brief completed by March 2011.
Moonlighting Policy.	Consult on current documentation, collect benchmarks from other arts based cultural institutions and agree on policy.	Policy adopted by Council by June 2011 – full implementation by September 2011.

Key Activities	Description	Target for full implementation
Training Strategy.	Complete processes for adoption of three year training Strategy. Annual organisational training needs analysis and a clear written strategy outlining budget allocations and areas of priority.	Approved by Council in May 2011. Completed by September 2011. Workplace Training Plan submitted to MAPPP-SETA by June each year.
Medical Benefits Appraisal.	Appraisal of market options for introduction of Medical Aid scheme for employees.	Assessment in 2009 revealed lack of resource to implement across organisation in current business climate. Situation to be kept under review as part of annual wage negotiations 2011/12.
Job Evaluation Process.	Complete process of Job evaluation through consultation on consultants draft with Directors and HODs in advance of further staff consultation.	Job evaluation framework approved by Council in May 2011.
IIP Strategy.	Preparation for an application with standards or awards scheme like Investors in People.	Strategy completed by March 2011. IIP or equivalent achieved by March 2012 if appropriate.
Management Training Development.	Provision of training to improve skills of senior and middle management. Management coaching and development available from external specialists.	Introductory implementation during 2011/12. Introductory implementation during 2011/12.
Customer Care Training Development.	Provision of training to all staff to improve customer care awareness and skills.	Implementation during 2011/12.
Monitoring and Reporting.	Collect statistics relating to recruitment and vacancies, training, absence, sickness, overtime, discipline, grievance, etc.	Provide a monthly report from April 2011.
HR Sub- Committee; Council.	Make sure that the HR Sub-Committee is fully functional and address all strategic HR issues.	To meet at least 4 times per Annum.

EMPLOYMENT EQUITY PROGRAMME

Whilst the percentages are representative of our population, we will be applying our human resource strategic plans to promote and motivate our lower level skilled and supervisor level employees to management positions over the next five years.

Numerical targets and progress

100% representation at all different post levels.

Special initiatives to promote affirmative action

We have committed ourselves to the principle of equal opportunity for all and thus accept responsibility to implement positive Affirmative Action.

- Vacancies will be advertised in media that is available to previously disadvantaged communities.
- The criteria for recruitment has been revised to ensure the selection and training procedure in use is fair, consistent and that all target groups benefit directly from Affirmative Action.
- A strategy is being implemented whereby all barriers to advancement of disadvantaged groups will be eradicated by eliminating unfair discrimination in any employment policy or practice.
- Employees from all the target groups are being developed in terms of skills, education and training.
- To ensure that the Affirmative Action measures implemented by The State Theatre include measures which will further encourage diversity in the workplace, based on equal dignity and respect for all employees.
- To ensure that everyone in the organisation will have direct involvement in developing and implementing an Affirmative Action programme.

Employment Equity

OCCUPATIONAL LEVELS	2005/06		2006/07		2007/08		2008/09		2009/10		2010/11		2011/12	
	A.C.I	W	A.C.I	W	A.C.I	W	A.C.I	W	A.C.I	W	A.C.I	W	A.C.I	W
Management	1	1	2	1	3	1	4	1	4	1	4	1	4	1
Middle management and high level specialists	7	6	5	4	5	5	5	6	5	6	5	6	9	3
Supervisor and high level skilled/ clerical	26	16	36	13	32	10	31	9	32	9	33	9	33	9
Lower level skilled/clerical	53	3	42	7	53	4	46	4	46	5	47	5	50	7
Very low skilled			4		7		7		7		7	2	5	2
Totals	113		114		120		113		115		117		123	

Race and Gender Representation

POST LEVEL	FILLED	AFRICAN		COLOURED		ASIAN		WHITE	
		M	F	M	F	M	F	M	F
Management	Yes	2	1	-	-	1	-	1	-
Middle management and high level specialists	Yes/No	1	4	-	-	-	-	3	3
Supervisor and high level skilled/ clerical	Yes	25	4	1	2	-	-	4	5
Lower level skilled/clerical	Yes/No	37	5	3	2	-	-	3	2
Very low skilled	Yes	4	3	-	-	-	-	-	-
TOTAL		69	18	4	4	1	-	11	10
		87		8		1		21	

INFORMATION TECHNOLOGY RESOURCE STRATEGY

The State Theatre is committed to ensure a cost effective and accountable use of the organisation's physical, financial and human resources.

In order to achieve this aim it must:

- Plan effectively;
- Provide staff with the correct resources and training to achieve a standard of excellence in their work; and
- Ensure excellent communication across the organisation to enable planning to be effective.

The development of the SAST's IT infrastructure is an essential strategy for the development of this aim.

In the three years 2009/10, 2010/11 and 2011/12 it was identified IT at SAST would be required to:

- Increase the access of its staff to e-mail and IT communication – to improve internal communications and give access to basic IT skills to all staff;
- Provide appropriate training for staff;
- Provide additional IT workstations for training and communication (through a designated IT room);
- Provide each individual employee with the opportunity to access e-mail;
- Provide management software for Planning and facilities to manage events, rental and performance bookings in the building and to provide accurate schedules to the staff;
- Upgrade IT software in marketing ensuring website hit measurement, data base cleaning, corporate database and SMS database update;
- Upgrade website exploring interactivity, space for Development Department and greater accessibility;
- Provide point-of-sale tills in bars with external support; and
- Support pay on foot system in the Parking Garage external support.

During the full year 2009/10 and the first half of 2010/11 there has been progress on the provision of all the SAST needs in the area of IT except for the acquisition of Event and Programme Software which therefore becomes the major new priority for 2011/12.

Other new areas will be to:

- Upgrade Server Software from Small Business 2003 to SB 2008;
- Standardise Windows platform and upgrade to Windows 7 when it become available; and
- To review the Internet Service Provider to ensure best value for money and maximise functionality.

The cost impact of these upgrades and developments is included in the capital and staffing budgets.

Financial Contents

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GENERAL INFORMATION

DOMICILE:	FH Odendaal Building 320 Pretorius Street Pretoria 0002
POSTAL ADDRESS:	PO Box 566 Pretoria 0001
BANKERS:	ABSA Bank
AUDITORS:	Auditor-General of South Africa
LEGAL FORM OF ENTITY:	Schedule 3A Public Entity
RELEVANT LEGISLATION:	Public Finance Management Act (Act 1, 1999) Cultural Institutions Act (Act 119, 1998)
CONTROLLING ENTITY:	Department of Arts and Culture (DAC)
JURISDICTION:	Declared cultural institution under the DAC
NATURE OF OPERATIONS:	The South African State Theatre is classified as a Receiving House i.e. presenting Performing Arts Productions from commercial producers. We have an artistic component that produces developmental productions.
PRINCIPAL ACTIVITIES:	The principal activities of the South African State Theatre include Production of Developmental Performing Arts Productions, theatre rentals, office rental, rental of parking facility and rental of décor, wardrobe and props.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee herewith presents its report for the financial year ended 31 March 2012 in terms of Section 51(1)(a) of the Public Finance Management Act, No. 1 of 1999.

COMPOSITION OF THE AUDIT COMMITTEE

The audit committee consist of four permanent members and is a sub-committee of the South African State Theatre Council. Chairperson of Council, executives, representatives of the Auditor-General of South Africa and the internal auditors, PriceWaterhouseCoopers attend by standing invitation.

The committee met four times in the reporting year on the following dates:

26 May 2011
28 July 2011
24 November 2011
29 March 2012

AUDIT COMMITTEE RESPONSIBILITIES

The audit committee has adopted and complied with appropriate formal terms of reference in the audit charter in line with the requirements of Section 51(1)(a) of the Public Finance Management Act No. 1 of 1999 and Treasury Regulation 27.1. These terms of reference were reviewed and updated during the year and approved by Council.

THE EFFECTIVENESS OF INTERNAL CONTROL

The audit committee monitors effectiveness of internal controls, in the context of the approved risk assessment of the organisation with the aid of a three year rolling internal audit and the statutory regularity audits performed by the Auditor-General of South Africa. Internal auditors present audit reports during audit committee meetings based on the approved audit plan.

Name of member	Date of appointment	Date of termination
Incoming Committee		
Mr. JD Watson – Chairperson	31 July 2011	-
Mrs. B.M. Neuhoff	31 July 2011	-
Adv. SDK Motsiri	31 July 2011	-
Adv. MJ Ralefatane	31 July 2011	-
Outgoing Committee		
Mr. SAH Kajee – Outgoing Chairperson	14 October 2008	31 July 2011
Mr. N Baloyi	31 July 2008	31 July 2011
Mrs. B.M. Neuhoff	21 January 2010	31 July 2011
Mr. T Simelane	12 May 2009	31 July 2011
Dr. K Netshiombo	21 January 2010	31 July 2011

The committee reports that there was a deterioration in internal financial controls from the prior period and has directed management to develop appropriate action plans to address and implement weaknesses and recommendations noted by internal auditors and the Auditor-General of South Africa. The committee will review such action plans and progress made at its meetings.

We are satisfied with the content and quality of quarterly reports prepared and issued by the Council of the South African State Theatre during the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General of-South Africa and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's managements report and management's response thereto;
- Reviewed changes in accounting policy and practices;
- Reviewed the organisation's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from audit.

The audit committee is very disappointed in the qualification received but concurs and accepts the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the organisation.

AUDITOR-GENERAL OF SOUTH AFRICA

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

John Watson
Chairperson of the Audit Committee
30 July 2012

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SOUTH AFRICAN STATE THEATRE

REPORT ON THE FINANCIAL STATEMENTS

Introduction

I have audited the financial statements of the South African State Theatre set out on pages 47 to 82 which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Trade and other payables from exchange transactions
There was no system of control over the recording of outstanding invoices at year-end on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all outstanding invoices have been accrued or provided for. Consequently, I am unable to determine whether any adjustments were necessary to trade and other payables as disclosed in note 20, and administrative expense, selling and distribution costs and other expenses as disclosed in notes 7, 8 and 11 to the annual financial statements.

Irregular expenditure
Section 51(1)(b)(ii) of the PFMA requires the entity to implement and maintain an appropriate procurement and

provisioning system which is fair, equitable, transparent, competitive and cost effective. Payments were made in contravention of the supply chain management requirements amounting to R1 563 712 (2011: R8 810 367) and disclosed as irregular expenditure in note 29 to the financial statements. There was no system of control over irregular expenditure on which I could rely for the purpose of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all irregular expenditure was properly recorded. Consequently, I was unable to determine whether any adjustments were required to the amount disclosed as irregular expenditure.

Qualified opinion

In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the South African State Theatre as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matter

I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of an error discovered on 31 March 2012 in the financial statements of South African State Theatre at, and for the year ended, 31 March 2011.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the General notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 12 to 25 of the annual report.

The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPI).

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

The material findings are as follows:

Usefulness of information

Presentation

Reasons for major variances not explained

All major variances between planned and actual achievements were not explained in the annual performance report for the year under review, as per the National Treasury annual report preparation guide. This was due to a lack of documented and approved internal policies and procedures to address reporting processes and events pertaining to performance management and reporting.

Consistency

Reported targets not consistent with planned targets
Treasury Regulation 30.1.3(g) requires that the strategic plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 27% of the reported targets were not consistent with the targets as per the approved strategic plan. This is due to the lack of documented and approved internal policies and procedures to address reporting processes and events pertaining to performance management and reporting.

Changes to targets not approved
Treasury Regulation 30.1.1 requires that the strategic plan must be approved by the executive authority. Therefore, if the strategic plan is changed in-year due to significant policy or mandate changes, the updated plan has to be approved by the executive authority. A total of 27% of targets reported in the annual performance report were inconsistent with the targets as per the approved strategic plan. This was due to the lack of documented and approved internal policies and procedures to address reporting processes and events pertaining to performance management and reporting.

Measurability

Performance targets not specific
The FMPPI requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 66% of the targets relevant to strategic objectives were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

Performance targets not measurable
The FMPPI requires that performance targets be measurable. The required performance could not be measured for a total of 66% of the targets relevant to the selected strategic objectives. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

Performance indicators not well defined
The FMPPI requires that indicators should have clear, unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 38% of the indicators relevant to programmes were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

Reliability of information

Reported performance not valid, accurate and complete

I was unable to obtain sufficient, appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the actual performance reported in the annual performance report. This was due to a lack of a document management system.

Additional matter

I draw attention to the matter below. This matter does not impact on the findings reported above.

Achievement of planned targets
Of the total number of planned targets, only 42 targets were achieved during the year under review. As a result 56% of the total planned targets were not achieved during the year under review. This was as a result of the institution not considering relevant systems and evidential requirements during the annual strategic planning process.

COMPLIANCE WITH LAWS AND REGULATIONS

I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General notice 839 of 2011 issued in terms of the PAA are as follows:

Strategic planning and performance management

The accounting authority did not establish procedures for quarterly reporting of performance to the executive authority to facilitate effective performance monitoring, evaluation and correction as required by Treasury Regulation 30.2.1.

Annual financial statements and annual report

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA. Material misstatements of current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Assets and liabilities

Bank reconciliations were not performed on a weekly basis, as required by Treasury Regulation 31.1.2(j).

Expenditure management

The accounting authority did not take effective steps to prevent irregular, fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Procurement and contract management

The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and Treasury Regulation 16A6.3(b).

Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

Internal control

In accordance with the PAA and in terms of General notice 839 of 2011, issued in Government Gazette No. 34783 of 28 November 2011, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings arising from the audit of the annual performance report and the findings arising from the audit of compliance with laws and regulations included in this report.

Leadership

The accounting authority did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

The entity did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

The entity did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.

The entity did not establish an IT governance framework that supports and enables the business, delivers value and improves performance.

Financial and performance management

The entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

The entity did not implement controls over daily and monthly processing and reconciling of transactions.

The entity did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

The entity did not review and monitor compliance with applicable laws and regulations.

The entity did not design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.

Governance

The accounting authority did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.

Auditor-General

Pretoria
31 July 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CORPORATE GOVERNANCE REPORT

The Council fulfils the role of the accounting authority in terms of section 49 of the PFMA. The Council endorses the principles in the Code of Corporate Practices and Conduct recommendations by King Committee and King III. The Council adopts the principles of openness, integrity and accountability. The Council comprises of eight Non-executive members, including the chairperson and has met four times during the year under review.

INTERNAL CONTROLS

Systems of financial and internal controls are in place to provide reasonable assurance the assets are safeguarded, and that the liabilities and working capital are efficiently managed. Having regard for the size of the organisation reliance is placed on the supervision of the CEO. The internal audit function is outsourced to PricewaterhouseCoopers and performs an independent review of the effectiveness of the system of financial and internal control. Internal auditors liaise with Auditor-General, and any material weaknesses are brought to the attention of management and the audit committee for consideration and immediate action.

RISK MANAGEMENT / FRAUD PREVENTION PLAN

A risk management policy has been in place since the financial year 2006/07. Internal auditors perform a risk assessment annually to enable management to identify, evaluate and assess possible risks effectively. A fraud prevention plan has been put in place in order to define authority levels, responsibilities for action, and reporting lines in the event of a suspected fraud or irregularity.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

As required by Treasury regulations, the Council has developed and approved on a materiality and significance framework appropriate to its size and circumstances.

In terms of the Cultural Institutions Act of 1998, the Council's submit their report for the year ended 31 March 2012 as follows:

GENERAL REVIEW AND NATURE OF ACTIVITIES

The primary business of The South African State Theatre is to promote the diversity of South African arts including the development of artists, producers, technicians and audiences through quality programming and accessibility.

There has been no material change in the nature or conduct of the company's business during the year under review. The annual financial statements adequately disclose the results of the operations for the year under review and the state of the Cultural Institution affairs at 31 March 2012.

STATE OF AFFAIRS

The Annual Financial Statements of the entity reflect a net deficit of R5,447,685 The deficit is a result of the following:

- Additional depreciation of R4,009,888 on buildings, accounted for the first time in the Financial Statements of the entity.
- A provision for post retirement medical aid, and pension payout of R1,942,340.

The additional depreciation and provision for post retirement medical aid and pension payout add up to R5 952 228.

STATEMENT OF COUNCIL'S RESPONSIBILITY

The members of the company are responsible for maintaining adequate accounting records and the preparation and integrity of the annual financial statements and related information. The directors are also responsible for the system of internal controls, in order to assure reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the assets and to prevent and detect material misstatements and losses.

In terms of the Supply Change Management policy, an implementation plan of the SCM framework is in progress.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Property, plant and equipment to the value of R5,226,286 have been acquired during the year. Property, plant and equipment is recorded at historical cost and depreciated on a straight-line basis over the useful lives thereof.

INVESTMENT POLICY

Surplus cash is invested only in approved South African Financial Institutions, with an investment grade credit rating.

STATEMENT OF FINANCIAL PERFORMANCE

as at 31 March 2012

	Note(s)	2012 R	2011 R Restated
REVENUE			
Revenue from non-exchange transactions	3	**37 199 594**	38 387 681
Revenue from exchange transactions	4	**24 499 068**	31 147 532
Investment Income	5	**656 430**	824 181
Revenue from non-exchange recognised	6	**5 014 152**	5 477 088
Total Revenue		**67 369 243**	75 836 482
EXPENSE			
Administrative expenses	7	**12 294 009**	12 641 193
Selling & distribution costs	8	**9 856 854**	22 972 502
Cost of refreshments	9	**1 083 200**	921 683
Compensation of employees	10	**33 261 879**	28 088 379
Other expenses	11	**16 274 257**	13 847 420
Finance costs	12	**46 729**	59 050
Total Expenses		**72 816 928**	78 530 227
Deficit/Surplus for the period		**(5 447 685)**	(2 693 745)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2012

Log In

Like

	Note(s)	2012 R	2011 R Restated
ASSETS			
Current assets			
Cash and cash equivalents	13	**21 867 652**	15 620 462
Trade and other receivables from exchange transactions	15	**1 212 139**	1 696 865
Inventories	16	**300 584**	367 124
		23 380 376	17 684 451
Non-current assets			
Property, plant and equipment	17	**178 552 487**	180 426 710
Investment Property	18	**3 925 178**	4 224 107
Intangible assets	19	**83 641**	107 077
		182 561 306	184 757 894
Total assets		**205 941 682**	202 442 345
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	20	**3 921 289**	4 387 264
Non-exchange revenue liability account	6	**18 461 811**	10 265 963
Current finance lease liability	21.1	**141 248**	125 053
Employee cost provisions	22	**1 025 524**	1 030 710
		23 549 872	15 808 990
Non-current liabilities			
Non-current finance lease liability	21.1	**104 188**	245 436
Long term provisions	23	**4 715 338**	3 367 950
		4 819 526	3 613 386
Total liabilities		**28 369 399**	19 422 376
Net assets		**177 572 284**	183 019 969
NET ASSETS			
Accumulated surplus		**177 572 284**	183 019 969
Total Net Assets		**177 572 284**	183 019 969

State Theatre | Protected Mode: On 100%

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2012

	Note(s)	ACCUMULATED SURPLUS Restated
Balance at 01/04/2010		185 713 714
Balance as previously stated		32 084 858
Prior period error	26	153 628 856
Deficit for the year		(2 693 745)
Net surplus for the year as previously stated		1 357 229
Prior year error	26	(4 050 974)
Balance at 31/03/2011		**183 019 969**
Net deficit for the year		**(5 447 685)**
Balance as at 31/03/2012		**177 572 284**

Included in the accumulated surplus is a fair value adjustment relating to Land and Buildings as at 1 April 2010 of R5 252 520 and R 148 367 336 respectively.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

Log In

Like

	Note(s)	2012 R	2011 R Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**66 976 633**	74 002 260
Sales of goods and services		**24 762 887**	30 137 491
Grants		**37 199 594**	38 387 681
Non-exchange revenue		**5 014 152**	5 477 088
Payments		**64 257 149**	72 795 471
Employee costs		**31 919 677**	31 399 127
Suppliers		**32 337 473**	41 396 344
Cash generated from operations	25	**2 719 483**	1 206 789
Interest received		**656 430**	824 181
Interest paid		**(46 729)**	(59 050)
Net cash flows from operating activities		**3 329 183**	1 971 920
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		**(5 226 286)**	(6 034 953)
Purchase of Intangible assets		**(3 419)**	(95 041)
Proceeds from sale of fixed assets		**76 917**	33 941
Net cash flows from investing activities		**(5 152 787)**	(6 096 053)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) proceeds of finance lease liability		**(125 053)**	241 800
Movement in non-exchange revenue liability		**8 195 848**	6 132 912
Net cash flows from financing activities		**8 070 795**	6 374 712
Net increase / (decrease) in net cash and cash equivalents		**6 247 191**	2 250 579
Net cash and cash equivalents at beginning of period		**15 620 462**	13 369 883
Net cash and cash equivalents at end of period		**21 867 652**	15 620 462

State Theatre | Protected Mode: On 100%

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

	Note(s)	2012 ACTUAL R	2012 BUDGET R	VARIANCE R	VARIANCE %
REVENUE					
Revenue from non-exchange transactions	7	**37 199 594**	**37 208 992**	(9 398)	0%
Revenue from exchange transactions	8	**24 499 068**	**23 584 920**	914 148	4%
Investment Income	9	**656 430**	**869 588**	(213 158)	-25%
Non-exchange revenue recognised	10	**5 014 152**	**10 163 541**	(5 149 389)	
Total Revenue		**67 369 243**	**71 827 041**	(4 457 798)	-6%
EXPENSE					
Administrative expenses	11	**12 294 009**	**6 960 543**	(5 333 466)	-77%
Personnel expenses	14	**33 261 879**	**30 684 144**	(2 577 735)	-8%
Selling & distribution costs	12	**9 856 854**	**12 026 701**	2 169 847	18%
Cost of refreshments	13	**1 083 200**	**830 047**	(253 153)	-30%
Other expenses	15	**16 274 257**	**21 325 606**	5 051 349	24%
Finance costs	16	**46 729**	**-**	(46 729)	
Total Expenses		**72 816 928**	**71 827 041**	(989 887)	-1%
Surplus for the period		**(5 447 685)**	**-**	(5 447 685)	

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant account policies are disclosed below.

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the previous year.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis on the remaining individually impaired items, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The carrying value less impairment provisions of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable (service) amounts of individual assets and cash-generating units have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

ACCOUNTING POLICIES

for the year ended 31 March 2012

Useful lives of property, plant and equipment and intangible assets
The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the condition and use of the individual assets, in order to determine the remaining period over which the asset can and will be used.

Investment Property
The entity performs valuations on the Investment Property to determine the market value at the end of every three years. The market values are stated in the notes of Annual Financial Statements.

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 23 Provisions.

Effective interest rate
The entity used the prime interest rate to discount future cash flows.

Allowance for impairment
On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the company; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Where an item of property, plant and equipment is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired non-monetary asset's fair value is not determinable, it's deemed cost is the carrying amount of the asset given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent to initial measurement property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual values. Artworks are not currently depreciated as their current residual value is expected to be greater than carrying amount.

The useful lives of items of property, plant and equipment have been assessed as follows:

	Average useful life
Buildings	37 years
Printing equipment	3 – 5 years
Office furniture and equipment (Including computer equipment)	5 – 7 years
Motor vehicles	5 – 7 years
Stage and workshop equipment	5 – 10 years
Sundry fixed assets	5 – 10 years
Leasehold improvements	5 – 7 years
Renaissance theatre equipment	5 – 7 years
Décor/costumes/props	5 – 7 years
Orchestra equipment	5 – 7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the items is depreciated separately.

The depreciation charge for each period is recognised in the statement of financial performance unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Land and buildings

The South African State Theatre occupies and controls economic benefits arising from the following properties which are owned by other parties:

Property description	**Owner**
FH Odendaal Building 320 Pretorius Street Pretoria 0002	Department of Public Works Gauteng Department of Infrastructure Development

A valuation on land and building was performed in the financial year 2011/2012 to determine its fair value. The method of valuation used is the Comparable rental income capitalisation method.

Assumptions made in the valuation are:

- The property is to let at market rentals and that future rental income will grow at market related rates
- that theatre require expensive single purpose buildings,
- constant change in classes of entertainment,
- character of tenancy often is not of the highest type and is subject to radical change on short notice due to dissolution, merging etc,
- theatre buildings can be remodelled for other use only at extremely high expenses

- television may eventually change the entire entertainment field

The valuation was performed by DJR Professional valuer 1782

1.3 Investment property

Investment property is property which the South African State Theatre holds to earn rentals or for capital appreciation purposes, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

Investment property is initially measured at cost. Subsequently investment property is carried at cost less accumulated depreciation and any impairment losses. It is currently depreciated at 5% p.a. with a zero estimated residual value.

The residual value, useful life and depreciation method of investment property is reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially measured at cost.

Where an intangible asset is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Subsequent to initial measurement intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation period, residual value, if any, and the amortisation method for intangible assets are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Intangible assets comprise of computer software and have been assessed as having a finite useful life with the amortisation charge thereon recognised on a straight line basis.

	Average useful life
Computer Software	2 – 4 years

An intangible asset is assessed at each reporting date as to whether there are any indications that the asset may be impaired. If such indications exist, the entity shall estimate the recoverable amount of the asset. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss that is recognised immediately in the statement of financial performance.

Intangible assets are derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net

disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification
The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables – financial asset measured at amortised cost
- Trade and other payables – financial liability measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement
Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement
The entity measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at amortised cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principle repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Impairment of financial assets
At each reporting date the entity assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

ACCOUNTING POLICIES

for the year ended 31 March 2012

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit. Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance lease – lessee
Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease terms so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using GRAP 13 – Leases.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rent is recognised separately as an expense when paid or payable and are not straight-lined over the lease term.

Operating lease - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue from exchange transactions in surplus or deficit.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in-first-out formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of non-financial assets

The entity assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Irrespective of whether there is any indication of impairment, the entity also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period. If an intangible asset was initially recognised during the current reporting period, that intangible asset is tested for impairment before the end of the current reporting period.

Value in use of an asset is the present value of the asset's remaining service potential.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.9 Revenue recognition

Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions e.g. donations. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions comprises mostly government grants and transfers. Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity. An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when and only when:

(a) it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
(b) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a liability shall be the best estimate of the amount required to settle the present obligation at the reporting date.

1.10 Provisions

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;

- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

1.11 Employee costs

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

A valuation was performed on the pension payments based on the 7 (2011: 7) retired pensioners previously employed by the state theatre, on a full term liability, longest mortality rate.

The South African State Theatre has a moral obligation towards these monthly payments.

Medical Benefits
A valuation was performed on the medical aid fund based on 22 (2011: 24) principal members, on a full term liability longest mortality rate.

The South African State Theatre is obligated to contribute monthly premiums on behalf of the principal members.

1.12 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure incurred in contravention of, or that is not in accordance with:

- a requirement of the PFMA (Act No.29 of 1999); or
- a requirement of the State Tender Board Act (Act No. 86 of 1986), or any regulations made in terms of the Act; or
- a requirement in any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The

expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Taxation

No provision for taxation or VAT has been made since the entity is directly funded by the government and exemption from taxation has been granted by South African Revenue Service (SARS).

1.17 Going concern

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the members of council to indicate that the institution will not remain a going concern for the foreseeable future.

2. NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the South African State Theatre and may have an impact on future financial statements:

GRAP 21 - Impairment of Non-cash-generating Assets
ASB Issue date: March 2009 Effective date: For years beginning on or after 1 April 2012 The entity expects to adopt the standard for the first time in the 2012 annual financial statements.
New standard of GRAP: Prescribes the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

ACCOUNTING POLICIES

for the year ended 31 March 2012

GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
ASB Issue date: February 2008 Effective date: For years beginning on or after 1 April 2012 The entity expects to adopt the standard for the first time in the 2012 annual financial statements.
New standard of GRAP: Prescribes requirements for the financial reporting of revenue arising from non-exchange transactions, other than non-exchange transactions that give rise to an entity combination. The standard deals with issues that need to be considered in recognising and measuring revenue from non-exchange transactions, including the identification of contributions from owners. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations.

GRAP 24 - Presentation of Budget Information in Financial Statements
ASB Issue date: November 2007 Effective date: For years beginning on or after 1 April 2012 The entity expects to adopt the standard for the first time in the 2012 annual financial statements.
New standard of GRAP dealing with the presentation and disclosure of budget information as required by GRAP 1. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 26 - Impairment of Cash-generating Assets
ASB Issue date: March 2009 Effective date: For years beginning on or after 1 April 2012 The entity expects to adopt the standard for the first time in the 2012 annual financial statements.
New standard of GRAP: Prescribes the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

(ii) Standards and interpretations issued, but not yet effective

GRAP 25 - Employee Benefits
ASB Issue date: November 2009 Effective date: To be determined by Minister
New standard of GRAP dealing with the requirements around accounting and disclosure of employee benefits including short-term, long-term and post retirement employee benefits. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

GRAP 103 - Heritage Assets
Effective date: For years beginning on or after 1 April 2012

GRAP 104 - Financial Instruments
ASB Issue date: October 2009 Effective date: To be determined by Minister
New standard of GRAP dealing with the recognition, measurement, presentation and disclosure of financial instruments. The impact of implementing this standard is expected to be immaterial in the context of this entity's operations

		2012 R	2011 R
3.	**REVENUE FROM NON-EXCHANGE TRANSACTIONS**	**37 199 594**	38 387 681
	DAC Operational Grant	**37 109 000**	34 969 038
	DAC Other Grants	**-**	3 354 000
	MAPPP SETA Grant	**90 594**	64 643
			Restated
4.	**REVENUE FROM EXCHANGE TRANSACTIONS**	**24 499 068**	31 147 532
	Rental revenue	**6 081 514**	5 239 251
	Wardrobe hiring & Décor	**1 566 085**	1 344 406
	Transport hiring	**8 589**	-
	Production revenue	**4 042 692**	12 786 683
	Sale of refreshments	**1 720 192**	1 499 254
	Parking garage revenue	**10 081 400**	9 423 464
	Other operating revenue	**998 596**	854 475

4.1 Production Revenue

Production revenue for 2011 includes DAC production grant for FIFA Wold Cup 2010

5.	**INVESTMENT INCOME**	**656 430**	824 181
	Interest revenue received on cash balances	**656 430**	824 181
6.	**NON EXCHANGE REVENUE LIABILITY**		
	Balance at beginning of the year	**10 265 963**	4 133 051
	Receipts	**13 210 000**	11 610 000
	Capital grants recognised	**(5 014 152)**	(5 477 088)
	Balance at end of the year	**18 461 811**	10 265 963

Non exchange revenue liability comprises revenue received from DAC for capital expenditure but not yet spent in terms of the conditions of the grant.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

		2012 R	2011 R Restated
7.	**ADMNISTRATIVE EXPENSES**	**12 294 009**	12 641 193
	Audit fees: External Auditors	**1 476 604**	708 238
	Internal Auditors	**416 383**	576 708
	Bad debts	**1 091**	1 901
	Communications	**771 867**	765 523
	Computer expenses	**39 436**	52 192
	Professional fees: Legal	**99 525**	1 223 626
	Other	**545 472**	680 307
	Operating lease charges - equipment	**116 215**	50 872
	Provision for doubtful debts adjustment account	**220 906**	538 177
	Stationary, licenses and subscriptions	**417 104**	392 565
	Staff training	**182 458**	301 515
	Staff welfare and refreshments	**116 218**	124 618
	Workmen's compensation	**217 228**	191 290
	Recruitment of staff	**324 046**	68 531
	Depreciation - Property, plant and equipment	**7 023 591**	6 654 889
	Depreciation - Investment property	**298 929**	298 929
	Amortisation - Intangible assets	**26 934**	11 312
8.	**SELLING AND DISTRIBUTION COSTS**	**9 856 854**	22 972 502
	Marketing	**2 540 256**	2 937 959
	Production costs	**7 081 305**	19 642 146
	Travelling	**154 923**	346 443
	Entertainment	**80 369**	45 955

8.1 Production costs

Production costs for 2011 include Special Productions funded by DAC grant for FIFA Wold Cup 2010

9.	**COST OF REFRESHMENTS**	**1 083 200**	921 683
	Cost of sales comprises of the cost of liquor, refreshments and sweets sales from:		
	Front of House	**995 189**	773 437
	Applause Lounge	**88 010**	148 246
10.	**COMPENSATION OF EMPLOYEES**	**33 261 879**	28 088 379
10.1	**Salaries & Wages**	**29 655 271**	24 499 106
	Basic Salary	**21 315 921**	20 104 933
	Pensioners/Medical	**1 942 340**	344 866
	Casual wages	**5 504 199**	2 635 991
	Overtime	**897 998**	1 159 705
	Leave pay	**(5 186)**	253 611

	2012 R	2011 R
10. COMPENSATION OF EMPLOYEES (cont.)		
10.2 Social Contributions		
Employer Contributions	**3 606 608**	3 589 273
Provident funds	**3 136 897**	3 109 975
Unemployment Insurance Fund	**184 627**	186 513
Skills Development Levy	**263 654**	276 200
Funeral insurance	**21 429**	16 585
Average number of employees for the year	**138**	145

		Restated
11. OTHER EXPENSES	**16 274 257**	13 847 420
Cleaning services	**2 481 088**	2 277 023
General expenses	**718 495**	910 770
Insurance	**356 730**	305 200
Repairs, maintenance and upgrading	**3 101 406**	2 022 700
Security	**3 767 966**	3 428 378
Utilities	**5 704 369**	4 881 408
Assets written off	**76 917**	21 941
SARS penalties and interest	**67 285**	-
12. FINANCE COSTS	**46 729**	59 050
Interest expense on finance leases	**46 729**	59 050
13. CASH AND CASH EQUIVALENTS	**21 867 652**	15 620 462
Cash at bank	**2 019 191**	1 341 930
Cash floats	**85 839**	83 569
Deposits on call	**13 578 122**	8 366 963
Short term investments (under 12 months)	**6 184 500**	5 828 000

There are no restrictions on the use of cash and cash equivalents

14. REMUNERATION OF SENIOR MANAGEMENT

14.1 At 31 March 2012

Name	Designation	Basic salary	Annual Bonus	Provident fund	Allowances	Other	Total Cost
Council Members/Non Executive Directors (until 31 July 2011)							
Walter Mosetlhi	Chairperson of Council	-	-	-	1 104	10 212	11 316
Sikkie Kajee	Council member	-	-	-	-	-	-
Phyllis Klotz	Council member	-	-	-	1 008	2 780	3 788
TZ Morabe	Council member	-	-	-	-	-	-
N Baloyi	Council member	-	-	-	8 479	4 282	12 761
Mrs NV Dyani	Council member	-	-	-	-	-	-
M Mogomotsi	Council member	-	-	-	2 261	7 046	9 307
T Simelane	Council member	-	-	-	-	1 390	1 390
New Council Members/Non Executive Directors (from 1 August 2011)							
N Gallant	Chairperson of Council	-	-	-	1 708	21 814	23 522
B Neuhoff	Council member	-	-	-	4 234	18 070	22 304
K Netshiombo	Council member	-	-	-	6 478	28 920	35 398
A Bodrick	Council member	-	-	-	1 388	8 340	9 728
H Gouvelis	Council member	-	-	-	634	9 730	10 364
Adv K Motsiri	Council member	-	-	-	-	5 560	5 560
Mr. M Ngonyama	Council member	-	-	-	2 759	12 510	15 269
Dr. O Ntsoane	Council member	-	-	-	1 556	12 510	14 066
Adv J Ralefatane	Council member	-	-	-	3 111	10 666	13 777
Mr. J Watson	Council member	-	-	-	293	7 418	7 711
Executive Management							
X E Nduneni-Ngema	Chief executive officer	702 889	59 887	137 987	84 000	-	984 763
A Sekhabi	Artistic director	585 001	48 785	114 449	92 338	-	840 573
G Viljoen	Technical manager	578 211	46 943	148 448	17 223	-	790 824
A Mokoena	Chief financial officer	532 515	42 455	101 582	7 800	-	684 351
E Booyens	Marketing Director	397 419	32 565	-	11 380	-	441 364
		2 796 035	230 634	502 466	247 753	161 248	3 938 135

14.1 At 31 March 2011

Name	Designation	Basic salary	Annual Bonus	Provident fund	Allowances	Other	Total Cost
Board Members/Non Executive Directors							
W Mosetlhi	Chairperson of Council	-	-	-	2 142	50 654	52 795
S Kajee	Council member	-	-	-	-	-	-
P Klotz	Council member	-	-	-	1 660	14 984	16 644
N Baloyi	Council member	-	-	-	6 132	8 507	14 639
M Mogomotsi	Council member	-	-	-	3 149	15 583	18 732
B Neuhoff	Council member	-	-	-	3 384	19 849	23 234
T Simelane	Council member	-	-	-	2 710	14 152	16 862
K Netshiombo	Council member	-	-	-	2 765	23 644	26 409

14. REMUNERATION OF SENIOR MANAGEMENT (cont.)

14.1 At 31 March 2011 (cont.)

Name	Designation	Basic salary	Annual Bonus	Provident fund	Allowances	Other	Total Cost
Executive Directors							
X E Nduneni-Ngema	Chief executive officer	621 279	56 517	135 091	84 000	8 953	905 841
A Sekhabi	Artistic Director	524 538	48 853	114 608	87 750	199 623	975 372
Gert Viljoen	Technical manager	532 015	44 138	140 045	25 095	17 344	758 637
Arthur Mokoena	Chief financial officer	490 726	40 008	95 631	7 800	6 945	641 110
Ismail Carr	Marketing Director	339 569	31 583	51 354	64 933	11 629	499 069
		2 508 128	221 099	536 729	291 520	391 867	3 949 343

	2012 R	2011 R
15. TRADE AND OTHER RECEIVABLES	**1 212 139**	1 696 865
Trade receivables	**1 430 420**	1 740 517
Provisions for doubtful debts	**(1 153 065)**	(932 159)
Net Trade receivables	**277 355**	808 358
Accrued income	**128 956**	87 178
Deposits	**2 230**	2 230
Other receivables	**803 598**	799 099
15.1 Reconciliation of provision for doubtful debts		**Restated**
Opening balance	**932 159**	393 982
Impairment loss recognised	**220 906**	538 177
Impairment loss utilised	**-**	-
Closing balance	**1 153 065**	932 159
		Restated
16. INVENTORY	**300 584**	367 124
Inventory comprises of the following merchandise:		
FOH liquor, refreshments and consumables	**229 709**	290 587
Stationery	**70 875**	76 538

17. PROPERTY, PLANT AND EQUIPMENT

Owned and leased	Land	Buildings	Office furniture and equipment	Motor vehicles	Stage & workshop equipment	Sundry fixed assets	Leasehold improvements	Theatre equipment	Art Works	Décor Costumes props	Orchestra Equipment	Leased Office Equipment	Capital Work in Progress	Total
COST														
At 1 April 2011	6 710 793	148 367 336	1 627 455	466 046	15 806 087	359 020	3 490 749	9 153 499	19 178 094	1 210 927	899 082	920 072	-	208 189 159
Additions	-	-	68 393	-	602 746	-	1 622 801	873 026	-	-	-	-	2 059 319	5 226 286
Disposals / Write offs	-	-	(189 107)	-	(223 087)	(8 114)	-	(119 653)	-	-	-	(151 411)	-	(691 373)
At 31 March 2012	6 710 793	148 367 336	1 506 741	466 046	16 185 746	350 906	5 113 550	9 906 872	19 178 094	1 210 927	899 082	768 660	2 059 319	212 724 072
ACCUMULATED DEPRECIATION														
At 1 April 2011	-	(4 009 928)	(1 102 037)	(379 615)	(11 487 540)	(326 788)	(1 310 037)	(6 765 124)	-	(1 098 905)	(804 487)	(477 987)	-	(27 762 449)
Depreciation	-	(4 009 888)	(160 966)	(26 083)	(1 278 558)	(15 297)	(416 160)	(878 595)	-	(56 026)	(42 719)	(139 300)	-	(7 023 591)
Disposals / Write offs	-	-	168 817	-	203 397	7 393	-	117 084	-	-	-	117 764	-	614 455
At 31 March 2012	-	(8 019 816)	(1 094 187)	(405 697)	(12 562 700)	(334 692)	(1 726 197)	(7 526 635)	-	(1 154 931)	(847 207)	(499 523)	-	(34 171 585)
CARRYING VALUE at 31 March 2012	6 710 793	140 347 520	412 555	60 348	3 623 045	16 213	3 387 353	2 380 238	19 178 094	55 996	51 875	269 138	2 059 319	178 552 487
COST														Restated
At 1 April 2010	6 710 793	148 367 336	1 470 896	649 252	12 942 807	359 020	1 279 816	8 769 275	19 178 094	1 210 927	888 027	828 462	-	202 654 704
Additions	-	-	156 560	-	2 863 280	-	2 210 933	384 224	-	-	11 054	408 902	-	6 034 953
Disposals / Write-offs	-	-	-	(183 206)	-	-	-	-	-	-	-	(317 292)	-	(500 498)
At 31 March 2011	6 710 793	148 367 336	1 627 455	466 046	15 806 087	359 020	3 490 749	9 153 499	19 178 094	1 210 927	899 082	920 072	-	208 189 159
ACCUMULATED DEPRECIATION														
At 1 April 2010	-	-	(927 745)	(477 508)	(10 423 366)	(309 466)	(1 054 737)	(5 930 913)	-	(1 042 879)	(763 262)	(457 039)	-	(21 386 916)
Depreciation	-	(4 009 928)	(174 292)	(57 832)	(1 064 174)	(17 321)	(255 300)	(834 211)	-	(56 026)	(41 226)	(144 578)	-	(6 654 888)
Disposals / Write-offs	-	-	-	155 725	-	-	-	-	-	-	-	123 630	-	279 355
Prior year error adjustment to depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2011	-	(4 009 928)	(1 102 037)	(379 615)	(11 487 540)	(326 788)	(1 310 037)	(6 765 124)	-	(1 098 905)	(804 487)	(477 987)	-	(27 762 449)
CARRYING VALUE at 31 March 2011	6 710 793	144 357 408	525 418	86 431	4 318 547	32 232	2 180 712	2 388 375	19 178 094	112 022	94 594	442 084	-	180 426 710

	2012 R	2011 R
18. INVESTMENT PROPERTY		
Carrying amount at start of year	**4 224 107**	4 523 036
Cost	**5 978 574**	5 978 574
Accumulated depreciation	**(1 754 467)**	(1 455 538)
Additions(disposals)		
Depreciation for the year	**(298 929)**	(298 929)
Carrying amount at end of year	**3 925 178**	4 224 107
Cost	**5 978 574**	5 978 574
Accumulated depreciation	**(2 053 396)**	(1 754 467)

The investment property is held at cost. The market value of the investment property as at 22 March 2012 has been valued at R11,500,000. The valuation method used is the income method because most of the buildings on the property are let and used for commercial / industrial purpose. The annual income from the property is capitalised to arrive at a market value. The property is situated on Erf 169 Weavind Park, City of Tshwane. The valuation was performed by DJR Professional Valuer 1782 .

Rental revenue from investment property	**1 661 774**	1 156 661
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental revenue during the period.	**1 079 660**	597 982

19. INTANGIBLE ASSETS

Intangible assets comprises of computer software.

Carrying amount at start of year	**107 077**	23 348
Cost	**271 546**	176 505
Accumulated amortisation	**(164 469)**	(153 157)
Additions	**3 419**	95 041
Disposals: Cost	**(2 595)**	-
Disposals: Accum Dep	**2 595**	-
Amortised for the year	**(26 854)**	(11 312)
Carrying amount at end of year	**83 641**	107 077
Cost	**272 370**	271 546
Accumulated amortisation	**(188 729)**	(164 469)

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FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
20. TRADE AND OTHER PAYABLES	**3 921 289**	4 387 264
Trade payables	**1 473 677**	1 680 203
Accrued expenses	**2 023 058**	1 159 818
Income received in advance	**424 555**	1 547 243

21.1 FINANCE LEASE COMMITMENTS

The institution is leasing certain of its office equipment in terms of finance lease agreements. The institution has an option to acquire these assets at the end of the lease. There are no escalation clauses or restrictions imposed by the leases. The effective interest rate for the finance leases is 12.24% per annum. The monthly instalment for the finance leases range from R379.95 to R3 879.84.

The future minimum lease payments under non-cancellable leases for equipment are as follows:

- Due no later than 1 year	**163 540**	163 540
- Due between 1 and 5 years	**109 027**	272 566
- Due later than 5 years	**-**	-
	272 566	436 106

Reconciliation

Future minimum lease payments	**272 566**	436 106
Present value of future minimum lease payments	**(245 436)**	(370 489)
Interest component	**27 130**	65 617
Current finance lease liability	**141 248**	125 053
Non-current finance lease liability	**104 188**	245 436
	245 436	370 489

21.2 OPERATING LEASES

Significant leasing arrangements
The entity leases certain of its office space in terms of operating leases. The majority of leases run for 1 year in line with the entity's financial year. There are no escalation rates and new contracts are signed with lessees each year.

The future minimum lease payments under non-cancellable operating leases are as follows:

State Theatre Office Main Building	**1 123 131**	1 182 061
- Due no later than 1 year	**1 142 396**	1 579 976
- Due between 1 and 5 years	**-**	-
- Due later than 5 years	**2 265 528**	2 762 037

	2012 R	2011 R
21.2 OPERATING LEASES		
Investment Property		
- Due no later than 1 year	**1 251 881**	1 181 217
- Due between 1 and 5 years	**286 827**	-
- Due later than 5 years	**-**	-
	1 538 708	1 181 217

The entity leases an on hold telephone message system with a 1 month termination notice period and a GAAP point of sale software over a three year period.

The future minimum lease payments under non-cancellable operating leases are as follows:

- Due no later than 1 year	**58 053**	46 608
- Due between 1 and 5 years	**58 053**	40 024
- Due later than 5 years		
	116 106	86 632

22. EMPLOYEE COST PROVISIONS	**1 025 524**	1 030 710
Leave pay	**1 025 524**	1 030 710

Reconciliation of Movement in Provision		
Balance at beginning of the year	**1 030 710**	777 099
The movement for the year	**(5 186)**	253 611
Balance at end of the year	**1 025 524**	1 030 710

23. PROVISIONS	**4 715 338**	3 367 950
Provision for retired pensioner payments	**470 998**	358 334
Provisions for Post retirement medical aid obligations	**4 244 341**	3 009 616

The retirement benefits have been provided for in terms of the requirements of the accounting standard for provisions and not in accordance with IAS 19 Employee Benefits as they are not Employee benefits as defined. The obligation arises as a result of a constructive obligation to provide the benefits, rather than a legal obligation.

23. PROVISIONS (cont.)

Reconciliation of Movement in Provision	MEDICAL OBLIGATION	PENSION OBLIGATION
Balance at 1 April 2010	3 035 612	3 896 697
Medical aid / Pension payout for 2010/11	(490 786)	(64 439)
Increase in provision through income statement	464 790	(119 924)
Sanlam/PACT - Pension surpluses payout	-	(3 354 000)
Balance at 31 March 2011	3 009 616	358 334
Medical aid / Pension payout for 2011/12	(528 137)	(66 815)
Increase in provision through Statement of Financial Performance	1 762 861	179 479
Balance at 31 March 2012	4 244 341	470 998

A valuation was performed of the obligation at year end by Mr. Bertus Jansen of Optimum Financial Services Group.

Pension payments
A valuation was performed on the pension payments based on 7 (2011: 9) retired pensioners previously employed by the state theatre, on a full term liability, longest mortality rate in March 2012. The SA State Theatre has a moral obligation towards these monthly payments.

Medical fund
A valuation was performed on the medical aid fund based on 22 (2011: 24) principal members, on a full term liability longest mortality rate. The SA State Theatre is obliged to contribute monthly premiums on behalf of the principal members.

24. RELATED PARTIES

Department of Arts and Culture
The following transactions took place during the period with the Department of Arts and Culture:

	2012 R	2011 R
Operational grant	**37 109 000**	34 969 000
Capex Grant	**13 210 000**	11 610 000
Grant for the production of special productions	**601 500**	3 854 921
DAC Other Grants	**-**	3 354 000
Productions on behalf of DAC	**-**	2 442 671
	50 920 500	56 230 592

Marang Financial Services
Mr Sikkie Kajee, a former council member and chairman of the audit committee is also chairman of Marang Financial Services, a non-profit making organisation which rents offices in the FH Odendaal building. The rental amounts are paid to the State Theatre.

Rental received	**-**	118 938

	2012 R	2011 R

24. RELATED PARTIES (cont.)

Mr. John Watson

The Chairperson of the Audit Committee, Mr John Watson, is an employee of Sifuna Consulting, but was not directly involved in any work performed at the State Theatre by Sifuna Consulting.

Payments made to Sifuna Consulting for services provided	**34 107**	-

Mr. Aubrey Sekhabi

Mr. Sekhabi, the Artistic Director of the SA State Theatre, directed the production of *Mantolo Tour* and *Silent Voice Senegal* and was compensated in accordance to the moonlighting policy of the State Theatre

Payments: Mantolo Tour Director's Fee	**-**	140 000
Silent Voice Senegal Director's Fee	**-**	30 000
Silent Voice Senegal Royalties	**-**	20 000

Miss N Gallant

Miss N Gallant, the chairperson of Council of the South African State Theatre, is a member of Dalitso HR Solution which has performed consultation work for the entity.

Service rendered by Dalitso HR Solutions	**11 400**	-

The above transaction occurred at an arms length in normal course of business.

Gauteng Department of Infrastructure and Development

The South African State Theatre occupies and derives economic benefits of building 320 Pretorius Street owned by the Gauteng Department of Infrastructure Development. No rental charge is paid to the Department for the use of this building.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R
25. CASH FLOWS FROM OPERATING ACTIVITIES		**Restated**
Surplus for the year	**(5 447 685)**	(2 693 745)
Adjustments for:	**8 302 783**	3 438 287
Depreciation - Property, plant and equipment	**7 023 591**	6 654 889
Depreciation - Investment property	**298 929**	298 929
Amortisation - Intangible assets	**26 854**	11 312
Investment income	**(656 430)**	(824 181)
Assets write-offs	**220 906**	538 177
Provision for doubtful debts		10 859
Finance cost	**46 729**	59 050
Provision for employee benefits	**1 342 202**	(3 310 748)
Operating profit/(loss) before changes in working capital	**2 855 098**	744 541
Movements in working capital	**(135 615)**	462 248
Decrease / (Increase) in inventory	**66 540**	(50 132)
Decrease / (Increase) in trade and other receivables from exchange transactions	**263 820**	(1 010 041)
(Decrease) / Increase in trade and other payables from exchange transactions	**(465 974)**	1 522 420
Cash generated by operating activities	**2 719 483**	1 206 789

26 PRIOR YEAR ERROR

26.1 Land and Buildings owned by a third party that the entity enjoys economic benefit of, was erroneously omitted in the PPE in the Annual Financial Statements of 2010/11.

Artworks under the value of R2000 were recorded on the assets register at R0 value. They were subsequetly recorded on the assets register at their fair value. The error has subsequently been rectified and has affected the Financial Statements as follows:

1 April 2010	
Statement of Financial Position	
Increase in Land	5 252 520
Increase in Buildings	148 367 336
Increase in Artworks	9 000
Increase in Accumulated surpluses	(153 628 856)
Net effect on Statement of Financial Position	-
Subtotal in Accumulated surpluses at 1 April 2011	153 628 856

	2011 R
31 March 2011	
Statement of Financial Performance	
Increase in depreciations	(4 009 928)
Decrease in surplus for the year	4 009 928
Net effect on Statement of Financial Performance	-
Statement of Financial Position	
Decrease in buildings	(4 009 928)
Decrease in accumulated surplus	4 009 928
Net effect on Statement of Financial Position	-

26.2 Inter-departmental revenue to the value of R214 581.38 was erroneously recognised in the Annual Financial Statements for the year 2010/11. This has subsequently been rectified and has affected the Financial Statements as follows:

31 March 2011	
Statement of Financial Performance	
Decrease in Revenue	214 581
Decrease in Travel & Entertainment expenses	(214 581)
Net effect on Statement of Financial Performance	-

26.3 A calculation error of R10 859 was committed between Inventory and Accumulated surpluses in the Annual Financial Statements for the year 2010/11. This has subsequently been rectified and has affected the Financial Statements as follows:

31 March 2011	
Statement of Financial Position	
Decrease in Inventory	(10 859)
Decrease in Accumulated surplus	10 859
Net effect on Statement of Financial Position	-
31 March 2011	
Statement of Financial Performance	
Increase in Stock variance expense	(10 859)
Decrease in surplus for the year	10 859
Net effect on Statement of Financial Performance	-

		2011 R
26.4	Depreciation on Leasehold Improvements that was calculated over an incorrect useful life.	
	31 March 2011	
	Statement of Financial Performance	
	Increase in depreciation of Leasehold Improvements	(30 186)
	Decrease in surplus for the year	30 186
	Net effect on Statement of Financial Performance	-
	Statement of Financial Position	
	Decrease in Leasehold Improvements	(30 186)
	Decrease in accumulated surplus	30 186
	Net effect on Statement of Financial Position	-
	Subtotal in surpluses as at 31 March 2011	4 050 973

27. CHANGE IN COMPARATIVE AMOUNTS

Personnel expenses/Administration expenses
A reclassification of Staff welfare and refreshments, Staff training, Workmen's compensation and Recruitment of staff from Personnel expenses to Administrative expenses.

Statement of Financial Performance	
Administrative Expenses (refer note 7)	685 954
Personnel Expenses (refer note 10)	(685 954)

Cash flow Statement
Receipts on Cash flow Statement is affected by the reclassification of Non-Exchange revenue, prior year error of Inter departmental transport hire and Interest paid. The effect was as follows:

Receipts (Non-exchange revenue)	6 132 912
Receipts (Inter Dept Transport Hire)	(214 581)

Payments on Cash flow Statements is affected by reclassification of Employee expenses and Administrative expenses. The effect was as follows

Employee costs	(685 954)
Suppliers	685 954

	2012 R	2011 R

Statement of Financial Position
Some Leasehold Improvements were erroneously depreciated over incorrect period. The error has subsequently been rectified and had the following effect:

PPE	21 187
Accumulated surpluses	(21 187)

Financial Instruments

Financial Liabilities

Income received in advance was incorrectly included in financial liabilities	1 547 243

Financial Assets

Prepayments and deposits were incorrectly included in financial assets	418 417

28. FINANCIAL INSTRUMENTS

The entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk

The entity has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal Audit function reports quarterly to the Audit and Risk Management Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

28.1 Liquidity risk

The entity manages liquidity risk by reviewing the bank and cash balances on a daily basis. The entity has sufficient resources to meet its short-term obligations. All bank accounts are held with reputable banking institutions

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Restated
Less than one year		
Trade and other payables	**3 921 289**	4 387 264
Finance lease liability	**163 540**	163 540
Between one to 5 years		
Finance lease liability	**109 027**	272 566

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FOR THE YEAR ENDED 31 MARCH 2012

	2012 R	2011 R Restated

28.2 Credit risk

Credit risk relates to potential exposure on trade receivables. At year-end, the entity did not consider there to be any significant concentration of credit risk, which had not been adequately provided for. There is no security pledged on trade debtors and cash and cash equivalents.

The maximum exposure to credit risk at the reporting date:

Carrying amount:		
Cash and cash equivalents	**21 867 652**	15 620 462
Trade receivables	**798 178**	1 278 448
Total	**22 665 831**	16 898 910

28.3 Interest rate risk

All financial instruments attract interest at rates linked directly to the prime bank overdraft rate. The effective interest rate used by the entity is the prime interest rate.

The company's exposure to interest rate risk at reporting date:

Assets		
Cash and cash equivalents	**21 867 652**	15 620 462
Trade receivables from exchange transactions	**798 178**	1 278 448
Total financial assets	**22 665 831**	16 898 910
Liabilities		
Trade payables from exchange transactions	**3 496 735**	2 840 021
Total financial liabilities	**3 496 735**	2 840 021

28.4 Interest sensitivity analysis

As the entity has no significant interest risk exposure at financial year end, the effect of a 1% strengthening or weakening of the prime interest rate at balance sheet date is not considered material.

28.5 Aging analysis

Year ended 31 March 2012	**Gross amount**	**Gross amount**
Current: 0-30 days	**240 154**	450 166
Past due: 31-60 days	**34 707**	341 156
More than 90 days	**1 155 558**	949 195
Total	**1 430 420**	1 740 517

	Impairment loss	**Impairment loss**
Impairment loss	**1 153 065**	932 159

		2012 R	2011 R Restated
28.6	**Fair value of financial assets and financial liabilities**		
	Year ended 31 March 2012		
	Assets		
	Cash and cash equivalents (loans and receivable)	**21 867 652**	15 620 462
	Trade receivables from exchange transactions (loans and receivable)	**798 178**	1 278 448
	Total financial assets	**22 665 831**	16 898 910
	Liabilities		
	Trade payables from exchange transactions (financial liability at amortised cost)	**3 496 735**	2 840 021
	Total financial liabilities	**3 496 735**	2 840 021
28.7	**Maturity profile**		
	Year ended 31 March 2012		
	Assets		
	Cash and cash equivalents	**21 867 652**	15 620 462
	Trade receivables from exchange transactions	**798 178**	1 278 448
	Total financial assets	**22 665 831**	16 898 910
	Liabilities		
	Trade payables from exchange transactions	**3 496 735**	2 840 021
	Total financial liabilities	**3 496 735**	2 840 021

29. IRREGULAR EXPENDITURE

	2012 R	2011 R Restated
Reconciliation of Irregular Expenditure		
Opening Balance	**-**	7 068 555
Irregular expenditure - current year	**1 205 620**	8 810 367
Irregular expenditure identified in the current year relating to the prior year	**358 092**	
Irregular expenditure condoned	**-**	(15 878 922)
Transfer to receivables for recovery		-
Irregular expenditure awaiting condonement	**1 563 712**	-

	2012 R	2011 R

29. IRREGULAR EXPENDITURE (cont.)

Analysis of Irregular Expenditure

Incident	Disciplinary steps taken/ criminal proceedings		
Expenditure incurred without applying the preferential points system to all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Policy Framework Act, 2000(ActNo.5 of 2000)	No disciplinary steps taken - the matter taken to council for condonement.	**847 527**	-
Insurance contract extended without obtaining the required number of quotations for 2010/11 and 2011/12 financial years	No disciplinary steps taken - the matter taken to council for condonement.	**716 185**	-
		1 563 712	-

30. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of Fruitless and wasteful expenditure

Opening Balance	**-**	-
Fruitless and wasteful expenditure for the year	**123 186**	491 594
Fruitless and wasteful expenditure condoned		(491 594)
Transfer to receivables for recovery		
Fruitless expenditure awaiting condonement	**123 186**	-

Incident	Disciplinary steps taken/ criminal proceedings		
SARS Penalties and interest paid on unpaid PAYE, UIF and Skills levy for the financial year 2010/11	The disciplinary process has been completed and the matter awaits council condonement.	**67 285**	-
Advertisement for the position of the CEO retracted and readvertised	No disciplinary hearing and the matter awaits council condonement	**55 901**	-
		123 186	-

31. COMMITMENTS

Capital expenditure

The South African State Theatre has the following future commitments:

Property, plant and equipment		
Purchase of security x-ray machine from Fire Busters	**206 739**	-
Purchase of lighting profiles from Muthiyane	**204 992**	-
	411 731	-

32. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no adjusting events that came to the attention of the Council.

	2012 R	2011 R

33. CONTINGENT LIABILITY

There is currently a discussion between SAST and South African Ballet Theatre (SABT) relating to SAST not honouring a possible obligation to avail Opera Theatre for an annual ballet event. The value of the obligation is under discussion and currently cannot be accurately determined.

PARTNERS

Many of our special projects would not be possible without our partners. We are proud to have worked with the following partners during 2011/2012 and look forward to lasting relationships during the next financial year.

Department of Arts and Culture
Opera Africa
Embassy of India
Teamwork Productions, India
The Black Tie Ensemble
Liquid Chefs
Southern Sun Hotels
Embassy of the United States of America
Department of Science and Technology
Computicket
Morning Star Express Hotel
City of Tshwane
National Lottery Distribution Trust Fund

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